

Bank of England

Monetary Policy Summary and
minutes of the Monetary Policy
Committee meeting ending on
5 November 2025

6 November 2025

These are the minutes of the Monetary Policy Committee meeting ending on 5 November 2025.

They are available at <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/november-2025>.

The Bank of England Act 1998 gives the Bank of England operational responsibility for setting monetary policy to meet the Government's inflation target. Operational decisions are taken by the Bank's Monetary Policy Committee. The minutes of the Committee meeting ending on 17 December will be published on 18 December 2025.

Monetary Policy Summary, November 2025

At its meeting ending on 5 November 2025, the Monetary Policy Committee voted by a majority of 5–4 to maintain Bank Rate at 4%. Four members voted to reduce Bank Rate by 0.25 percentage points, to 3.75%.

CPI inflation is judged to have peaked. Progress on underlying disinflation continues, supported by the still restrictive stance of monetary policy. This is reflected in an easing of pay growth and services price inflation. Underlying disinflation is being underpinned by subdued economic growth and building slack in the labour market.

Monetary policy is being set to balance the risks around meeting the 2% inflation target sustainably. The risk from greater inflation persistence has become less pronounced recently, and the risk to medium-term inflation from weaker demand more apparent, such that overall the risks are now more balanced. But more evidence is needed on both.

The restrictiveness of monetary policy has fallen as Bank Rate has been reduced. The extent of further reductions will therefore depend on the evolution of the outlook for inflation. If progress on disinflation continues, Bank Rate is likely to continue on a gradual downward path.

Minutes of the Monetary Policy Committee meeting ending on 5 November 2025

1. Before turning to its immediate policy decision, the Monetary Policy Committee (MPC) discussed key economic developments and its judgements around them, as well as its views on monetary policy strategy. The latest data and analysis underpinning these topics were set out in the accompanying [November 2025 Monetary Policy Report](#).

The Committee's discussions

2. The Committee's policy discussions covered: the extent to which disinflation was continuing; the degree of slack emerging in the economy and the extent to which this slack was sufficient to counteract any remaining persistence in underlying inflation; and the extent to which these developments reflected the restrictive stance of monetary policy, both currently and prospectively.

3. Progress on underlying disinflation had continued. Services consumer price inflation had eased. Continued moderation in wage growth was likely to feed through to lower services price inflation, although members continued to take different views on the degree of this pass-through.

4. CPI inflation was judged to have peaked. The increase in headline inflation over the course of this year had been accounted for by base effects in energy prices, as well as one-off factors such as supply disruptions in specific food components and increases in administered prices. In the central projection, this increase in headline inflation did not lead to additional second-round effects on domestic inflationary pressures. However, the Committee was mindful of recent increases in household inflation expectations, and some members continued to place weight on the possibility that structural shifts in wage and price-setting would exacerbate the persistence of underlying inflation.

5. In one scenario set out in Section 3 of the November Monetary Policy Report, inflation was more persistent than assumed in the central projection, as past inflation outturns continued to influence domestic price and wage-setting over the medium term. Among those members who placed weight on upside risks from inflation persistence more generally, there were different views on the most likely mechanism.

6. Looking ahead, contemporaneous indicators of slack, labour costs and services inflation, together with indications of prospective pay settlements and the likely pricing power of firms, would provide important information on the evolution of risks associated with returning CPI inflation to the 2% target sustainably. The Committee would evaluate the accumulation of

evidence over time, alongside key upcoming data releases. The Budget would be announced on 26 November.

7. For most members, global developments had not played a large role in their policy deliberations at this meeting, but these would continue to be assessed closely.

8. Underlying disinflation was being underpinned by subdued economic growth and building slack in the labour market. Members had a range of views around the margin of spare capacity that had already emerged and was likely to emerge over time. The labour market was continuing to loosen gradually. For some members, weak growth in consumption and employment indicated the emergence of additional spare capacity. For other members, structural changes in the labour market implied that the margin of spare capacity, its likely evolution, and its implications for nominal dynamics, might prove insufficient to return inflation to target sustainably.

9. In a second scenario set out in the November Report, domestic inflationary pressure faded more quickly than was assumed in the central projection, reflecting more pronounced weakness in household consumption. Most members placed some weight on this scenario.

10. Reflecting the usual lags associated with monetary policy, past restrictiveness was assessed to be weighing on the current level of aggregate demand. This policy restraint was contributing to ongoing disinflation. For those members placing greater weight on downside risks to activity, the combined degree of past and current restrictiveness evident in the latest data risked an inflation undershoot in the medium term. For those members who were more concerned about the persistence of underlying inflationary pressures, there was less evidence that the cumulative restrictiveness imparted by policy to date would generate additional slack in the real economy. All members concurred that the stance of monetary policy had become less restrictive as the level of Bank Rate had been reduced.

11. In considering its approach to the potential removal of remaining policy restrictiveness, the Committee was weighing various considerations. These included the costs associated with loosening policy too quickly or too slowly, and the value in waiting for additional evidence before reducing Bank Rate further. Those considerations reflected different views on the restrictiveness of current monetary policy and on the extent to which incremental news would help resolve uncertainty about the persistence of inflation.

12. Different members placed different weights on how precisely an equilibrium, or neutral, level of Bank Rate could be identified. For some members, the evolution of inflation and other conjunctural data, including what these could reveal about slack, could offer guidance on the restrictiveness of monetary policy. Other members put more weight on quantitative estimates of equilibrium interest rates. There was broad agreement, however, that as Bank Rate

approached neutral, the contribution of monetary policy to underlying disinflation would become harder to discern, making the case for further policy easing more finely balanced.

13. Taken together, the recent data suggested that the risk from greater inflation persistence had become less pronounced, and the risk to medium-term inflation from weaker demand more apparent, such that overall the risks were now more balanced. But more evidence was needed on both, and different members placed different weights on these risks.

The immediate policy decision

14. The MPC sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. The MPC adopts a medium-term and forward-looking approach to determine the monetary stance required to achieve the inflation target sustainably.

15. Five members (Andrew Bailey, Megan Greene, Clare Lombardelli, Catherine L Mann and Huw Pill) preferred to maintain Bank Rate at 4% at this meeting. Four members in this group (Megan Greene, Clare Lombardelli, Catherine L Mann and Huw Pill) placed greater weight on risks of persistence in inflation, requiring more prolonged monetary policy restriction. While there had been some progress in underlying disinflation, these members were concerned that this could stall, as they placed particular weight on the risk of higher inflation expectations or structural shifts leading to inflation persistence. One member in this group (Andrew Bailey) judged that the overall risks to medium-term inflation had moved down to become more balanced recently. But there was value in waiting for further evidence.

16. Four members (Sarah Breeden, Swati Dhingra, Dave Ramsden and Alan Taylor) preferred a 0.25 percentage point reduction in Bank Rate at this meeting. Disinflation had become better established, and current and prospective slack should allow underlying inflation to return to target-consistent rates. These members attached a greater weight to downside risks, given that these would reflect a continuation of current trends, with particular concerns that household saving would remain elevated and weigh on consumption. For two members in this group (Swati Dhingra and Alan Taylor), policy was already significantly over-restrictive, which could unduly damage activity and possibly lead to an undershoot in inflation in the medium term.

17. The Committee judged that the restrictiveness of monetary policy had fallen as Bank Rate had been reduced. The extent of further reductions would therefore depend on the evolution of the outlook for inflation. If progress on disinflation continued, Bank Rate was likely to continue on a gradual downward path.

18. The Chair invited the Committee to vote on the proposition that:

Bank Rate should be maintained at 4%.

19. Five members (Andrew Bailey, Megan Greene, Clare Lombardelli, Catherine L Mann and Huw Pill) voted in favour of the proposition. Four members (Sarah Breeden, Swati Dhingra, Dave Ramsden and Alan Taylor) voted against this proposition, preferring to reduce Bank Rate by 0.25 percentage points, to 3.75%.

MPC members' views

20. Members set out the rationale underpinning their individual votes on Bank Rate.

Members are listed alphabetically under each vote grouping. References in parentheses relate to boxes and sections of the November 2025 Monetary Policy Report. References to scenarios relate to those set out in Section 3 of the November Report.

Votes to maintain Bank Rate at 4%

Andrew Bailey: Upside risks to inflation have become less pressing since August, and I see further policy easing to come if disinflation becomes more clearly established in the period ahead. Recent evidence points to building slack in the economy, and the latest CPI data were promising. But this is just one month of data. Labour costs remain elevated and wage growth, while on a downward path of late, may plateau. In assessing the outlook, I find the mechanisms underlying upside risks less convincing than those underlying the downside. Previous negative labour supply shocks could be less important for the trajectory of inflation today (Box F). Firms' margin rebuilding may be mitigated by weak demand (Box A), and elevated household inflation expectations may have more limited impact (Box B). The downside scenario seems more likely. It could help explain the elevated saving rate, and Agents' intelligence on uncertainty. Rather than cutting Bank Rate now, I would prefer to wait and see if the durability in disinflation is confirmed in upcoming economic developments this year. Current market pricing is close to the path suggested by a forward-looking Taylor rule (Annex 1), which is a fair description of my position at present.

Megan Greene: I continue to believe inflation risks are to the upside and worry that the disinflationary process has slowed. Household inflation expectations remain elevated and inflation has been above a threshold increasing the risk of second-round effects for six months (Box C). Despite labour market easing, Decision Maker Panel and Agents' steers suggest wage growth will remain high next year, indicating that the wage-setting process may have changed. Firms' cost pressures have increased, potentially slowing the disinflationary process further (Box A). There is a risk of weaker consumption but, if motivated by scarring

from recent inflationary episodes, this is best addressed by bringing inflation back to target. All but one of the policy simulations across the central projection and both scenarios argue for a prolonged pause in Bank Rate to lean against inflation (Annex 1). I am not convinced the monetary policy stance is meaningfully restrictive. There is huge uncertainty around the neutral rate, but as we approach it the risk of cutting too far or too fast rises and it becomes more difficult to discern whether inflation is driven by the monetary policy stance or underlying dynamics. I believe it is prudent to hold policy steady to ensure disinflation remains on track.

Clare Lombardelli: While I expect headline inflation to continue to fall, I worry there may be more underlying inflationary pressure in the economy than embodied in the central projection. Despite recent softer-than-expected data, forward-looking indicators of inflation have been less benign, particularly around pay settlements next year. Structural changes in the labour market (Box F) may mean there is less slack in the economy, leading to more persistent inflationary pressures. Higher inflation expectations and associated threshold effects (Box B and Box C) may have changed wage and price-setting behaviour. In such a scenario, we would need a longer period of restrictive monetary policy to bring inflation sustainably back to target. And it is uncertain how restrictive policy is currently. While I find the ongoing weaker consumption scenario compelling (Box D), we have plenty of policy space to lower Bank Rate should it be necessary, while a policy reversal would be costly for the MPC's credibility.

Catherine L Mann: The inflation persistence scenario is my central case. Price dynamics are unlikely to follow the rapid deceleration shown in the central projection. Administered prices could jump again, elevated household inflation expectations risk further second-round effects (Box B), and wage inflation is expected to remain above target-consistent levels next year. Core goods inflation remains high, with little sign so far of downward pressure from geopolitical factors, global economic developments, or the exchange rate. Monetary policy needs to rein in both inflation and expectations drift so as to reinforce commitment to our 2% target. I place some weight on the lower demand scenario. However, activity and labour market indicators are easing only slowly. Weaker market-sector output and greater slack in the private labour market have been offset by growth in government spending and employment. Policy restrictiveness is past its peak and continues to moderate, particularly through the lens of recent credit indicators. Because the high saving ratio reflects inflation's erosion of real wealth, and buffers against purchasing-power uncertainty, holding a firm stance against inflation is needed. Therefore, both scenarios support a vote to hold.

Huw Pill: I continue to prefer a slower pace for the withdrawal of monetary policy restriction than delivered over the past 18 months, reflecting my longstanding concern that structural changes in price and wage-setting behaviour have generated stronger intrinsic inflation persistence in the UK, resulting in more sustained above-target underlying inflation. In

general, I place more weight on lower-frequency trends in inflation, and less weight on short-term innovations in headline inflation. The former are influenced by a monetary policy that transmits with long lags, whereas that is less the case for the latter. As a result, my concerns follow less from the risks captured in the upside scenario and more from the upside risks stemming from structural changes. Concerns about structural change are motivated by continued strength in services and wage inflation despite the apparent emergence of slack, and are supported by micro-level evidence on participation (Box F). Given that a policy based on erroneous real-time estimates of the economy's resting place can require costly correction, my concerns on this dimension argue for a cautious approach to further policy easing.

Votes to reduce Bank Rate by 0.25 percentage points, to 3.75%

Sarah Breeden: Data since August have provided me with greater confidence that the disinflation process remains on track and that upside risks to inflation are not materialising. I judge that a degree of slack has and will continue to open up in the labour market, which should continue to dampen pay growth. Bank staff analysis and Agency intelligence on profit margins have given me further confidence that the slowdown in firms' wage costs will be passed through to prices (Box A). While the upside risks to inflation have diminished somewhat since the August Report, downside risks from the outlook for demand have become more prominent. I think it plausible that a structural change in household behaviour means that the saving rate stays elevated (Box D). Combined with my view that policy remains restrictive and slack continues to build, this gives me enough confidence to cut now. We will need a higher accumulation of evidence on disinflation as we feel our way towards neutral next year, where I see benefits in retaining some insurance against potential structural changes in the labour market (Box F). But in the absence of conclusive evidence that this is happening, I support a gradual policy reduction now.

Swati Dhingra: Disinflation remains clearly on track, with balanced risks to inflation and downside risks to activity. Food price inflation, while concerning, may have limited scope to generate second-round effects (Box B) and acting pre-emptively to counteract a mechanism little influenced by UK monetary policy risks potential policy errors. Labour market slack should lean against potential upside risks from inflation expectations. Vacancies have fallen further, while slack may be larger than estimated given high net desired hours and a mechanical overstatement of the NAIRU. The strength of past wage growth is more likely to reflect post-pandemic churn rather than structural shifts. Weak demand should continue to constrain firms' ability to raise prices (Box A). Bank Rate reductions may have limited countervailing effects on the consumption outlook, due to a continuing drag from the mortgage cash-flow channel and a rise in precautionary savings (Box D). Compared to the downside scenario, I am more concerned about the mix of demand and supply reflected in

activity. My view remains that Bank Rate should have been lower already to account for lags in its transmission to the real economy. Policy is overly restrictive and could exacerbate risks from weak demand and reduced supply.

Dave Ramsden: I place weight on our central projection and see risks around it as broadly balanced, although the downside risks are now more prominent for me relative to August, particularly as previous uncertainties around the disinflation process have reduced. Activity is subdued, the labour market is loosening materially and the inflation hump has played out largely as expected. Bank staff analysis on firms' costs and margins suggest that, as labour cost pressures dissipate, prices will follow suit (Box A). I find the mechanisms in the downside scenario plausible (Box D). Households' worries about the outlook may continue to keep the saving ratio elevated. And weaker SME cash flow positions should be kept in mind (Box E), particularly given the rising unemployment projection in the forecast. When assessing upside risks, analysis on the salience of different components for inflation expectations has persuaded me that the impact on the current wage-setting process will be modest (Box B). A more compelling potential upside risk comes from the supply side, though there is currently little supporting evidence (Box F). I judge that our policy stance continues to be restrictive and, based on my outlook, expect that a gradual removal of policy restraint will remain appropriate.

Alan Taylor: I disagree with the central projection and my own outlook is weaker. I judge that the current level of slack is larger, and the terminal rate is lower, implying that the current stance is more restrictive than intended. I place more weight on downside risks to inflation, which would materialise if current trends continue, rather than upside risks, which would require new developments to emerge. Data indicate weakening demand and low confidence. The saving rate is more likely to remain elevated (Box D). Inflation has undershot expectations and should fall from here as temporary factors fade, while the labour market continues to soften. Peak unemployment is yet to come, may endure for some time, and our projections for it have drifted higher over successive forecasts. The evidence suggests limited second-round effects from food prices (Box B). Instead, I place weight on our other models that suggest inflation may not stop falling in the second half of next year and could undershoot. I favour reducing restrictiveness now, with more easing likely to come, as insurance against depressed activity amid such an inflation undershoot. This still leaves scope to pause later as needed, or to respond if upside risks materialise.

Operational considerations

21. On 5 November, the stock of UK government bonds held for monetary policy purposes was £555 billion.

22. The following members of the Committee were present:

Andrew Bailey, Chair
Sarah Breeden
Swati Dhingra
Megan Greene
Clare Lombardelli
Catherine L Mann
Huw Pill
Dave Ramsden
Alan Taylor

Sam Beckett was present as the Treasury representative.

Jonathan Bewes was present on 27 October, as an observer for the purpose of exercising oversight functions in his role as a member of the Bank's Court of Directors.