

EXPLANATORY MEMORANDUM TO
THE PREMIUM SAVINGS BONDS (AMENDMENT ETC) REGULATIONS 2004

2004 No. 2353

1. This explanatory memorandum has been prepared by the Treasury and is laid before Parliament by Command of Her Majesty.

2. Description

These Regulations amend the Premium Savings Bonds Regulations 1972 to:

- a) allow the Treasury to change the interest rate used to calculate the value of each month's Premium Bonds prize fund, or to change the way the number of prizes is calculated, without the need to give three months' notice;
- b) allow the Director of Savings to publish the list of winning Bond numbers on the National Savings and Investments (NS&I) website instead of in the London Gazette;
- c) allow the Director of Savings to repay Bonds by means other than by crossed warrant, for example through electronic funds transfer.

The Regulations also repeal parts of Section 54 of, and Schedule 18 to, the Finance Act 1968 (which set the terms under which Premium Bonds are issued) to the extent necessary to achieve the above changes and to allow for the purchase of Bonds without the need for a written application.

3. Matters of special interest to the Joint Committee on Statutory Instruments

None

4. Legislative Background

4.1 Premium Bonds are subject to the Premium Savings Bonds Regulations 1972. Their basic terms and conditions were set by Section 54 of, and Schedule 18 to, the Finance Act 1968. NS&I (the Department for National Savings) and the Treasury wish to modernise the scheme, as set out in paragraph 2, but to do so need to amend the 1972 Regulations and repeal, as necessary, parts of Section 54 of, and Schedule 18 to, the 1968 Act.

4.2 These Regulations are made under Section 11 of the National Debt Act 1972 and use for the first time the power, given by Section 325 of the Finance Act 2004, to make Regulations to repeal all or part of Section 54 of, and Schedule 18 to, the Finance Act 1968.

5. Extent

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Financial Secretary to the Treasury has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Premium Savings Bonds (Amendment etc) Regulations 2004 are compatible with the Convention rights.

7. Policy background

7.1 NS&I has embarked on a wide-ranging modernisation programme to ensure it continues to meet changing customer demands and fulfil its role of providing cost-effective financing of the National Debt. One of the objectives for 2004 is to update Premium Bonds.

7.2 In order to modernise Premium Bonds, NS&I needs the flexibility to amend the terms for the issue of Premium Bonds, as set 36 years ago under the Finance Act 1968 and other conditions under the Premium Savings Bonds Regulations, as set out in paragraph 2.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is insignificant. The changes are designed to update Premium Bonds ensuring they continue to meet changing customer demands.

9. Contact

Bob Day at NS&I Tel: 020 7348 9410 or e-mail: bob.day@nsandi.com can answer any queries regarding the instrument.