

Summary: Intervention & Options

Department /Agency:
Hm Treasury

Title:
**Impact Assessment of the Bradford & Bingley
Compensation Scheme Order 2008**

Stage:

Version: 1

Date: 1/12/2008

Related Publications: The Banking (Special Provisions) Bill 2008, the Chancellor's statement on Bradford & Bingley, 29 September 2008 HM Treasury website

Available to view or download at:

<http://www.hm-treasury.gov.uk>

Contact for enquiries:

Telephone:

What is the problem under consideration? Why is government intervention necessary?

On 29 September Bradford & Bingley plc was taken into public ownership by order made under the Banking (Special Provisions) Act 2008. The Treasury is required by section 5 of the Act to make an order providing for the determination of the amount of any compensation payable to holders of securities transferred and to those whose subscription rights are extinguished by an order under the Act. An order must be made within 3 months of the making of the transfer or extinguishment order.

What are the policy objectives and the intended effects?

Consistent with the Banking (Special Provisions) Act 2008, made to support financial stability, to protect depositors' money; and to protect the interest of taxpayers, that an independent valuer is appointed to determine the amount of any compensation payable to former shareholders of Bradford & Bingley by the Treasury as a result of the Transfer Order.

What policy options have been considered? Please justify any preferred option.

The Government has considered other options, however, the Chancellor has decided to appoint an independent valuer to value the business immediately before the point of transfer, as this is the only approach which ensures that both shareholders and taxpayers are treated fairly on the basis of an independent assessment of any shareholder value disregarding (as section 5(4) of the Act requires) any state financial support.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The independent valuer will decide the procedure for conducting the valuation and publish his or her decision as part of an assessment notice in due course.

Ministerial Sign-off For SELECT STAGE Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

..... Date: 1 December 2008

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups'		
	One-off (Transition) Yrs			
	£			
	Average Annual Cost (excluding one-off)			
	£	Total Cost (PV)	£	
Other key non-monetised costs by 'main affected groups'				

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups'		
	One-off Yrs			
	£			
	Average Annual Benefit (excluding one-off)			
	£	Total Benefit (PV)	£	
Other key non-monetised benefits by 'main affected groups'				

Key Assumptions/Sensitivities/Risks

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?			
On what date will the policy be implemented?			
Which organisation(s) will enforce the policy?			
What is the total annual cost of enforcement for these organisations?		£	
Does enforcement comply with Hampton principles?		Yes/No	
Will implementation go beyond minimum EU requirements?		Yes/No	
What is the value of the proposed offsetting measure per year?		£	
What is the value of changes in greenhouse gas emissions?		£	
Will the proposal have a significant impact on competition?		Yes/No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium Large
Are any of these organisations exempt?	Yes/No	Yes/No	N/A N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of £	Decrease of £	Net Impact	£

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary s

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

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Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes/No	Yes/No
Small Firms Impact Test	Yes/No	Yes/No
Legal Aid	Yes/No	Yes/No
Sustainable Development	Yes/No	Yes/No
Carbon Assessment	Yes/No	Yes/No
Other Environment	Yes/No	Yes/No
Health Impact Assessment	Yes/No	Yes/No
Race Equality	Yes/No	Yes/No
Disability Equality	Yes/No	Yes/No
Gender Equality	Yes/No	Yes/No
Human Rights	Yes/No	Yes/No
Rural Proofing	Yes/No	Yes/No

Annexes

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