

## EXPLANATORY MEMORANDUM TO

### THE NATIONAL SAVINGS (AMENDMENT) REGULATIONS 2019

2019 No. 1138

#### 1. Introduction

- 1.1 This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

#### 2. Purpose of the instrument

- 2.1 This instrument amends the National Savings (No 2) Regulations 2015 (the “NS&I Regulations”). The purpose is to extend the ability for people over 16 years old to purchase premium savings bonds (“bonds”) on behalf of those under that age, to anyone with the legal capacity to do so.

#### 3. Matters of special interest to Parliament

##### *Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

##### *Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)*

- 3.2 As the instrument is not subject to parliamentary procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business.

#### 4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is the United Kingdom.  
4.2 The territorial application of this instrument is the United Kingdom.

#### 5. European Convention on Human Rights

- 5.1 The Economic Secretary to the Treasury, John Glen MP, has made the following statement regarding Human Rights:

“In my view the provisions of the National Savings (Amendment) Regulations 2019 are compatible with the Convention rights.”

#### 6. Legislative Context

- 6.1 This instrument is laid but is not subject to further procedure.  
6.2 Under section 12(2) of the National Loans Act 1968 (“the 1968 Act”) HM Treasury “may create and issue such securities, at such rates of interest and subject to such conditions as to repayment, redemption and other matters...as they think fit”.  
6.3 The Director of Savings (the “Director”) is appointed by HM Treasury under section 1(1) National Debt Act 1972 (“the 1972 Act”) and is authorised to carry out certain functions under that Act.

- 6.4 Under section 11(1) of the 1972 Act HM Treasury has the power to make regulations relating to certain securities created under the 1968 Act and how the money under them is raised, under the auspices of the Director.
- 6.5 “Bonds” are one type of security issued under section 12(2) of the 1968 Act and are defined in regulation 2 of the NS&I Regulations as "a premium savings bond issued by the Treasury ...under the auspices of the Director of Savings, for the purpose of raising money under...section 12 of the 1968 Act”.
- 6.6 The NS&I Regulations are made under the power of section 11(1) of the 1972 Act and provide further instruction as to how the Director deals with bonds.
- 6.7 Regulation 4(1) of the NS&I Regulations states that a person may only purchase bonds if they are over the age of 16 (with those under that age being “minors”) and are not under a legal disability, subject to the qualification in regulation 4(4)(a) by which parents, grandparents, guardians and other persons at the Director’s discretion may purchase bonds on their behalf.
- 6.8 Regulation 8(1) of the NS&I Regulations prevents payments being made to minors who hold bonds and regulation 8(2) lists the classes of people who may receive payments on behalf of holders of bonds who are minors, with the discretion as to which class receives payment subject to that which “the Director of Savings considers appropriate”.

## **7. Policy background**

### *What is being done and why?*

- 7.1 “National Savings and Investments” (“NS&I”) is the trading name under which bonds are sold by the Director, as well as being a non-ministerial government department and executive agency of the Chancellor of the Exchequer.
- 7.2 At present, only parents, grandparents and guardians can purchase bonds for minors. HM Treasury wish to allow any person, who would normally be able to purchase bonds, to do so for minors.
- 7.3 Bonds are a type of government security that form a significant part of the activities of NS&I and its predecessor organisations. They are a well-known and historically popular part of both the government’s borrowing strategy and policy objective to encourage savings by the public.
- 7.4 The current legislation only allows for parents, guardians or grandparents (with NS&I afforded a limited discretion to make exemptions) to purchase bonds for a minor. NS&I have received a significant amount of customer feedback and complaints about the inability of third parties (particularly other close relatives) to purchase bonds.
- 7.5 HM Treasury believe that the restrictions are now negatively impacting NS&I’s strategic objective of encouraging a savings culture within the public. To maintain the product’s relevance and improve the attractiveness of the product in relation to minors, NS&I wishes to remove these restrictions and allow any third party, whether related or unrelated, to purchase bonds for a minor.
- 7.6 It is proposed to do this both by expanding the classes of people who can purchase bonds for a minor under Regulation 4(4) of the NS&I Regulations and giving the Director a complete discretion to decide who is an appropriate person to receive payments where bonds are held by a minor, by amendment to Regulation 8(2). It is

proposed that the latter discretion will be exercised by way of amendment to the terms and conditions of the bonds which are published by the Director, after approval by HM Treasury.

## **8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union**

8.1 This instrument does not relate to withdrawal from the European Union.

## **9. Consolidation**

9.1 The NS&I Regulations are themselves a consolidation of numerous regulations and no further consolidation is considered necessary at this time.

## **10. Consultation outcome**

10.1 These are minor technical changes and so no consultation was conducted in relation to these Regulations.

## **11. Guidance**

11.1 No guidance has been produced for this legislative change. However, NS&I will provide information and guidance to customers as they are impacted by the proposed changes, including personal communications where this is appropriate. Terms and conditions will be published on NS&I's website ([www.nsandi.com](http://www.nsandi.com)).

## **12. Impact**

12.1 There is no significant, impact on business, charities or voluntary bodies.

12.2 There is no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because a low level of impact is expected.

## **13. Regulating small business**

13.1 The legislation does not apply to activities that are undertaken by small businesses.

## **14. Monitoring & review**

14.1 While no specific review of these amendments is planned, HM Treasury keeps all legislation governing NS&I under review, to ensure that NS&I is able to carry out its functions effectively.

## **15. Contact**

15.1 Manmeet Narula at HM Treasury Telephone: 020 7270 2450 or email: [Manmeet.Narula@hmtreasury.gov.uk](mailto:Manmeet.Narula@hmtreasury.gov.uk) can be contacted with any queries regarding the instrument.

15.2 Mario Pisani, Deputy Director for Debt and Reserves Management, at HM Treasury can confirm that this Explanatory Memorandum meets the required standard.

15.3 The Economic Secretary to the Treasury at HM Treasury can confirm that this Explanatory Memorandum meets the required standard.