



REPORT

National Savings & Investments' Business Transformation Programme

National Savings & Investments

Key facts

£3.0bn

National Savings & Investments' (NS&I's) estimate, from 2024 data, of the total cost from 2020-21 to 2030-31, of the Business Transformation Programme (the Programme), including its contract with Atos, and other running costs

£841mn

NS&I estimate of the cost, using 2024 data, of the Programme from 2020-21 to 2030-31 (excluding running costs)

March 2028

NS&I's latest assessment of when the Programme will be complete; this is the date that NS&I's contract with Atos currently ends

- £111 million

amount NS&I spent on the Programme by 31 March 2024, without it delivering any modernisation of live services
- £440 million

increase in Programme costs, comparing NS&I's estimates of total Programme delivery costs (2020-21 to 2030-31) derived from its 2020 Outline Business Case and its October 2024 Full Business Case. It excludes increases in other running costs and contract extensions which, if included, take the total increase to £1.3 billion
- 25 million

customers who use NS&I. They have over £240 billion invested with it
- £18.2 million

estimated amount NS&I will pay to suppliers for delays it caused, and to cancel contracts
- 4 years

delay between March 2024 and March 2028, the dates when NS&I's contract with Atos would end (which NS&I views as the Programme end date) in NS&I's 2020 Outline Business Case and its 2024 Full Business Case respectively

Summary

Introduction

1 National Savings & Investments (NS&I) plays a key role in raising finance for the government through the retail savings market. It does this by borrowing on behalf of the government from retail investors through the issue and sale of savings and investments products such as Premium Bonds. As one of the largest savings organisations in the UK, it has some 25 million customers, who have collectively invested over £240 billion with NS&I. Savings with NS&I benefit from a 100% government guarantee, regardless of the amount invested. NS&I also provides services for other government departments, which includes payment services for schemes such as Childcare Services and the Help to Buy Individual Savings Account.

2 NS&I is a non-ministerial government department and an executive agency of the Chancellor of the Exchequer. HM Treasury sponsors NS&I and oversees its operations, including through a representative on the NS&I Board, which operates in an advisory capacity to the NS&I Chief Executive, who is also its accounting officer.

3 Since 1999, NS&I has had a single supplier outsourcing arrangement with Atos (previously Siemens). The arrangement covers most of NS&I's operations such as communicating with customers and processing payments. In 2014, NS&I awarded Atos a new contract to run until 2021, with the possibility of extending to 2024. NS&I concluded, in looking ahead to contract expiry, that NS&I's service delivery model was not fit for purpose, as costs were expected to become unsustainable, NS&I was unable to easily offer new products in a competitive retail savings market and its IT needed modernising to keep pace with the evolving threat from cyber-attack.

4 In 2020, NS&I formally began its Business Transformation Programme, originally called Project Rainbow. Through the programme, NS&I aims to:

- measurably reduce the cost of running NS&I;
- make NS&I a self-service digital business with support for the vulnerable and excluded; and
- enable NS&I to “deliver more nimbly, reduce risk and enhance scalability”.

The Programme aimed to replace the outsourcing arrangement that NS&I had with Atos by running competitions for five separate contracts, all to be awarded and with most services transitioned by the end of Atos's contract in March 2024. NS&I is responsible for Programme delivery. NS&I's Programme is the only one in HM Treasury's group of public bodies that is in the Government Major Projects Portfolio.

5 In 2022-23 and 2023-24, the programme was rated 'red' in the Infrastructure and Project Authority's (IPA) annual reports. IPA defines this as: "Successful delivery of the project appears to be unachievable. There are major issues with project definition, schedule, budget, quality and/or benefits delivery, which at this stage, do not appear to be manageable or resolvable. The project may need re-scoping and/or its overall viability reassessed." A Committee of Public Accounts report in March 2024 highlighted the significant delays to the Programme due to a poorly executed procurement process. In January 2025, the Chief Executive of NS&I wrote to the Committee of Public Accounts explaining that NS&I was implementing a recovery plan, with revised timelines and re-forecast costs.

Scope

6 This report sets out what has happened on the Programme so far to lead to the reset, the progress that NS&I has made in addressing the issues and risks facing the Programme, and what NS&I still needs to address. It examines:

- Programme progress compared to the original plans;
- how NS&I set up the Programme and commercial approach and how it is approaching the Programme reset; and
- how NS&I has sought to learn and apply lessons to inform the Programme, and how it will manage the remaining Programme risks and issues.

7 Given the Programme's progress we do not conclude on value for money, nor does the report consider NS&I's wider operational systems, or performance in managing customers' savings and offering savings products.

Key findings

Programme cost and time estimates

8 NS&I set itself an overly optimistic timetable for the Programme.

Decoupling a highly integrated operation, splitting it into smaller parts and then integrating these systems together is highly complex. NS&I had limited experience of delivering a programme of this scale and complexity, but it set an ambitious scope and timetable. The timetable did not factor in contingency for delays, allow time for understanding the technical infrastructure and testing solutions, or define how it would resolve interdependencies and manage systems integration (paragraphs 2.2 to 2.5, 3.10 and Figures 5 and 6).

9 Given the way NS&I report Programme performance, we found it challenging to identify spend to date, and forecast spend for the remainder of the Programme. NS&I only recently began to produce financial reports that isolate Programme-specific spend to date. This has, historically, made it difficult for NS&I to monitor what is being spent and for what purpose, and to estimate the whole life cost of the Programme. For example, in its most recent Full Business Case, produced in October 2024, NS&I included data on Programme spend up to 2023-24, plus estimates of future Programme costs from 2024-25. NS&I told us that the spend-to date data contained an error, and that future Programme estimates included costs not part of the Programme; it states that neither had any bearing on the decision to proceed on the basis of the Business Case. NS&I has prepared revised Programme cost estimates for this report, but given the nature of assumptions made in this process those cost estimates should be considered as unaudited and treated with caution. Further information can be found in Appendix One. HM Treasury told us that it had found it difficult to secure good financial information and had limited visibility of how the NS&I Finance function was involved in the Programme (paragraphs 1.10 to 1.13 and 3.21 to 3.22, Figure 4 and Appendix One).

Programme progress leading to the reset

10 The Programme was over budget and late by March 2024, and none of the new services had been modernised or were live. Programme documentation does not include an end date. NS&I told us it views the Programme end date as the end of the Atos contract, in March 2028 – four years after the original schedule of March 2024. NS&I had spent £111 million on the Programme by March 2024. Costs resulting from delays include an estimated £18.2 million due to a settlement agreement for a cancelled contract and additional payments from NS&I to suppliers for work needed, resulting from delays on procurement packages. None of the new services had gone live and it had not delivered the intended benefits of the Programme, although NS&I told us they undertook preparatory work and built enabling technical capabilities during this period. Using 2024 data, NS&I estimates the Programme delivery cost to be £841 million from 2020-21 to 2030-31 (excluding running costs), an increase of £440 million from a corresponding estimate derived from NS&I's October 2020 Outline Business Case. Including Programme-related and other running costs and the existing contract with Atos, total costs are estimated at £3.0 billion (an increase of £1.3 billion from 2020) (paragraphs 1.5, 1.12, 2.18, 3.15 to 3.16, and Figures 4, 6 and 8).

11 NS&I encountered significant problems in procuring and awarding the new contracts. NS&I ran procurements for five contracts, referred to as 'packages', which would allow it to transition from its single supplier contract with Atos to its intended multi-supplier model. Of these procurements, NS&I awarded two contracts as intended; one procurement was initially unsuccessful but subsequently re-run and a contract awarded; one procurement resulted in an award, but NS&I subsequently terminated the contract; and one procurement was abandoned because NS&I and the preferred bidder could not agree terms. Following the initially unsuccessful procurement for one package in late 2022, NS&I extended the procurement processes for two other packages. It also extended its contract with Atos by one year beyond the original March 2024 timeline, to March 2025. NS&I estimated in July 2023 that the failed procurement would increase Programme costs – for re-procurement and consequential delays to other parts of the Programme – by around £21.5 million. For the two procurements where it has not appointed new suppliers, NS&I has extended its contract with Atos to March 2028, via an extension whose value NS&I estimated at £530 million (paragraphs 2.6 to 2.15 and Figures 2, 7 and 8).

12 In March 2024, following procurement issues, NS&I changed its own Programme rating from 'amber' to 'red' for a second time, leading to a full programme reset. Atos's financial position deteriorated in late 2023 and NS&I developed contingency plans in case of its failure. In August 2024, the IPA also rated the Programme as 'red', indicating that delivery appeared unachievable. NS&I began a programme reset in July 2024 and commissioned a 'Recovery Plan' from PA Consulting. Programme resets can involve a fundamental change to a programme's output, timing and approach, or a significant revision of cost and time estimates.¹ The Programme remains in reset and NS&I continues to deliver its recovery plan, which includes resolving end-to-end design issues, developing an integrated plan and resetting supplier relationships (paragraphs 2.17, 2.19 to 2.20, 3.9 and 3.15).

13 Our review of the Programme identified four main causes of why the Programme did not progress as intended. Several government bodies (including the IPA, Cabinet Office, the Government Internal Audit Agency (GIAA) and HM Treasury) and private companies have provided advice to, or assurance of, the Programme. Many of these reviews, alongside our own, have identified similar issues:

- **NS&I had a weak understanding of the complexity and interdependencies of the highly integrated system it was seeking to replace,** leading to the problems in delivery and delayed timescales. It lacked a systems integrator function to improve this understanding.
- **NS&I did not have an integrated plan or end-to-end solution.** This made it difficult for NS&I to accurately track performance and spending, and measure the impact of risks.

¹ Comptroller and Auditor General, Lessons learned: *Resetting major programmes*, Session 2022-23, HC 1198, National Audit Office, March 2023, available at: www.nao.org.uk/insights/lessons-learned-resetting-major-programmes

- **NS&I lacked the capacity and capability needed for this type of Programme.** NS&I had no prior experience of undertaking such programmes, and for much of the Programme it has had insufficient digital, commercial and programme management expertise.
- **NS&I awarded contracts without a good enough understanding of the dependencies between different contracts.** This left many contract requirements subject to further negotiations, creating additional costs of post-award contract changes (paragraphs 3.1 to 3.27 and Figures 9 and 10).

Progress since the reset

14 NS&I is still resolving gaps in its understanding of the end-to-end system architecture. A 2024 review by Gartner identified 59 solution gaps across the Programme, including the lack of an end-to-end design. NS&I is working to refine its end-to-end design and had planned to resolve issues with this by August 2025. It has identified 41 end-to-end design issues, which it has been working to resolve with support from EY. NS&I told us in October 2025 that it had resolved 23 of the highest-priority issues, which will now need to inform the integrated planning and commercial negotiations with the suppliers. Following the finalisation of the integrated plan, NS&I will need to reset its contracts with suppliers, which may increase overall contract spend (paragraphs 3.7 to 3.9, 3.15 to 3.16 and 3.25).

15 NS&I has appointed a systems integrator partner and is working to develop an integrated plan for the Programme. NS&I had a high-level vision for what the changed state would look like at the outset of the Programme, but no detailed delivery plan. Given the interdependencies across the Programme, NS&I is now adopting a 'phased management approach' to transition services from Atos to new suppliers in eight phases.² As part of its plans, NS&I expects to set out the specific responsibilities, actions and milestones required from each supplier to transition services. NS&I completed its first significant service transition milestone in April 2025, when UK call centre staff were transferred from Atos to Sopra Steria. In May 2025, NS&I awarded a contract for systems integration to Capgemini, who will lead the integrated planning activity. As of October 2025, the Programme did not have a complete and agreed integrated plan that informs the Programme end date, or contingency for any delays or cost pressures (paragraphs 2.3 to 2.4, 2.14, 2.18, 3.7 to 3.16 and Figures 6, 9 and 10).

² The new approach involves planning, coordinating and deploying deliverables into groups of 'releases' to achieve a smooth transition of services.

16 NS&I still does not have all the capacity and capability needed to deliver the Programme. As a small organisation undertaking a major digital transformation programme for the first time, NS&I identified capability gaps as a key risk at the outset of the Programme. Several external reviews have identified skills and resource gaps for key roles in areas such as systems integration, programme leadership, digital and commercial. NS&I told us it has found it challenging to recruit the skills it needs, and has filled some gaps using secondees and external consultants. NS&I has made changes to strengthen Programme leadership, and part of the systems integrator partner role will be to transfer knowledge to NS&I. Several reviews of the Programme, including our 2023 report on *Managing government borrowing*, have recommended that NS&I develop a plan for skills and capacity. NS&I has finalised a resource management strategy, and is monitoring the number of staff working on the Programme until 2028, but further progress will be difficult until it has approved an agreed integrated delivery plan (paragraphs 3.10 to 3.12).

17 NS&I recognises that it needs to improve how it manages its commercial arrangements with suppliers. Since late 2024, NS&I has taken steps to improve relationships with suppliers, who have now all signed a collaboration agreement and are working together to resolve the solution gaps that Gartner identified (paragraph 14). In May 2025, a GIAA review found that NS&I lacked an effective contract management framework and had inconsistencies in how it managed contracts. NS&I drafted a revised supplier and contract management framework in August 2025. NS&I recognises that it needs to become a more 'intelligent client' (being able to understand suppliers and to use commercial levers to meet its needs), and will soon need to consider its approach to replacing its current contracts, some of which end in 2028 (paragraphs 2.17, 3.8, 3.24 to 3.27).

18 NS&I does not yet have a plan for the services it provides to other government departments. NS&I contracts with Atos for provision of banking and other services, on behalf of several government departments. In 2023, NS&I re-procured these 'business-to-business' services, but after deciding it was not possible to resolve post-contract award issues, NS&I extended its original contract to enable Atos to continue delivering the services until March 2027, which it can extend for a further two years. In 2025, NS&I told those departments it intended to stop providing these services, and has started discussions with user departments to consider options for service delivery beyond March 2027. NS&I considers that it will be for government departments to determine whether they need the services and whether they want NS&I to continue providing them. Stopping these services without sound planning would cause significant disruption for departments and service users. User departments that we interviewed told us that while it is helpful for NS&I to have communicated its overall intention, they have concerns and are looking for clear and effective engagement from NS&I to manage the potential impact on their ability to provide services (paragraphs 1.2, 2.15 and 2.16).

Establishing the right governance and structures to support the Programme

19 NS&I has sometimes been slow to learn lessons or respond to external reviews' findings during the Programme. Our interviewees who had provided advice to NS&I during the Programme told us that NS&I had sometimes or often acted slowly, or not at all, on that advice, although this had improved since the IPA 2024 review. A review of NS&I's culture in December 2024 identified a need for greater transparency, particularly in relation to issues and progress with Programme. Recognising that a programme reset is needed can make it easier for government bodies to identify lessons for the next programme stage.³ The IPA's review in January 2025 assessed that NS&I had made considerable progress following the Programme reset and recovery activities, but the most recent Programme rating, reported by NS&I to NISTA in March 2025, remained as 'red'. As NS&I moves to more complex delivery phases, it will need to continue to seek and act on advice from external bodies and ensure that lessons are learned (paragraphs 3.3 to 3.6 and Figure 9).

20 NS&I has made changes over time to its governance arrangements and risk management processes, but there is more work to do.

- In October 2024, NS&I established an NS&I Board Business Transformation Programme (BTP) Committee to support the NS&I Board and Chief Executive in their oversight of the Programme. In January 2025, NS&I incorporated suppliers into Programme governance. However, there remains a lack of clarity about the role of boards, and NS&I staff think that decision-making can be slow and hierarchical. GIAA's audit opinion for 2024-25 was 'limited' for the third successive year, citing significant weaknesses in NS&I's framework of governance, risk management and control. NS&I intends to further redesign Programme governance this year as part of its recovery plan.
- NS&I recognises that its arrangements for managing Programme risks and issues were inadequate, and is working to improve its risk management processes and reporting. It has developed a new risk management framework over the last year, which it recognises still needs to be fully implemented by individual teams and projects. NS&I will need to manage longer-term risks if the Programme is to achieve its intended benefits. An example is that the replacement of the core banking engine carries an extremely high level of risk because of its potential impact on customer data (paragraphs 3.4 to 3.6, 3.17 to 3.23 and Figures 9 and 11).

3 See footnote 1.

21 HM Treasury has increased its scrutiny of the programme since 2024.

HM Treasury's governance relationship with NS&I, including its oversight role and NS&I's operational independence, is set out in a Framework Document. HM Treasury has one representative on the NS&I Board and can appoint up to two, and HM Treasury ministers can also appoint non-executive directors. In 2024, HM Treasury began to intervene more directly in the Programme. It appointed two non-executive directors to the NS&I Board in April 2024 with experience in delivering major programmes. In October 2024, one of the new non-executive directors was appointed Chair of the BTP Committee, with the aim of providing more detailed Programme assurance to HM Treasury. In December 2024, HM Treasury approved, with conditions, NS&I's revised Full Business Case. The conditions related to cost control; enhanced reporting – to provide HM Treasury with the means to monitor delivery and risk management; appointment of a new systems integrator; and development of financial and delivery plans for the Programme by March 2025. HM Treasury acknowledges that it could have moved sooner to improve the skill set of the NS&I Board and to support Programme planning and delivery (paragraphs 1.7 to 1.9, 2.20, 3.17 to 3.23 and Figures 3, 9 and 11).

22 HM Treasury views the budget for the rest of the Programme as fixed, which will require NS&I to manage Programme scope and spend carefully.

HM Treasury's strongest lever to influence the Programme is through budget control. The 2025 Spending Review approved a budget for Programme spend in each year to 2028-29, which HM Treasury views as a fixed upper limit. It also previously provided access to reserve funding, which was conditional upon improved reporting and delivery processes. NS&I recognises that it will be challenging to remain within budget if the assumptions underlying its 2024 revised business case prove to be optimistic, but it has not set out how it would manage its position if Programme changes cause costs to exceed those assumed (paragraphs 1.8 and 3.22).

Concluding remarks

23 NS&I faced complex, long-term technology challenges and saw the ending of its contract with Atos as an opportunity to resolve these and transform its business. Replacing a 25-year incumbent supplier with multiple suppliers was always going to be a challenge. NS&I underestimated the scale of this challenge and overestimated its ability to deliver the Programme, despite warning signs about its lack of skills and capability and the complexity of disentangling a highly integrated IT system. The absence of an end-to-end solution and integrated plan has led to programme delays and commercial challenges. The Programme was not sufficiently thought through before key decisions were made, which led to significant cost and time increases.

24 Since mid-2024, NS&I has identified several key programme and contractual issues. It is in the early stages of working out how to deal with the many complexities and issues it faces. It has brought in external expertise to support systems integration and develop an integrated plan with new milestones, which will necessitate further renegotiation of its current supplier contracts. NS&I will need to reconsider the scope and priorities of the Programme to remain within its budget that has now been fixed by HM Treasury. The Programme remains highly complex and it is essential that NS&I develop a realistic integrated plan to deliver its new operating model and the intended benefits for the business, customers and the taxpayer.

Recommendations

25 As NS&I continues to redevelop its plans for the Programme, we recommend that NS&I should do the following.

- a Develop a realistic plan for completing the Programme.** This should contain:
 - a clear statement of the Programme scope, what it is trying to achieve, and how it will become business as usual;
 - a detailed end-to-end design that helps NS&I to resolve its solution gaps;
 - robust scenario and contingency planning to reflect any further challenges that may arise and potential cost and timetable overruns; and
 - revised estimates of the benefits of the Programme and when these will be achieved, including the detailed criteria NS&I will use to judge whether the programme has been successful.
- b Enhance and implement its overall approach to contract management of its suppliers.** It should clearly link this approach to its management of risks relating to interactions with suppliers, and to skills planning to ensure it has suitable experienced people in place to manage contracts effectively.
- c Ensure it has sufficient resource to re-procure the 'new' supplier contracts.** It should also prepare for the Atos contract's expiry in March 2028. This preparation work should form part of the wider commercial strategy. As part of this process, NS&I should undertake a 'lessons learned' exercise drawing experiences from competitions it has run to date.
- d Decide on a clear and collaborative approach to engagement with user departments on the future of its business-to-business services.** NS&I should play a leading role in co-ordinating a cross-government plan to ensure that an NS&I exit from these services would not disrupt scheme delivery. This can be undertaken as part of a refresh of its wider stakeholder engagement strategy and plans.

- e **Develop a comprehensive plan for the skills and workforce needed to deliver the Programme and continue to run its existing services in the short, medium and long term.** This should include consideration of the balance between in-house and external capability. It should also review its longer-term plans for systems integration before its current contract with Capgemini ends.
 - f **Set out clearly the governance structure required to deliver the Programme.** As part of this, NS&I should update and communicate its terms of references for all boards to clarify which decisions are made by which board. NS&I should also work to embed its new risk management framework in the operations of its teams and projects.
 - g **Review the information and data it uses to understand, monitor and report progress, costs and risks associated with the Programme.** This should include a stronger, more proactive role for NS&I's Finance function within the Programme governance structure and activities, and actions to strengthen the quality and consistency across NS&I of financial information prepared and reported.
 - h **Introduce a systematic process for collating, categorising and monitoring progress against all recommendations from external reviews.** It should use this to help it identify lessons for the rest of the Programme.
- 26 HM Treasury should:
- i **ensure it sets out clearly its expectations of the role of NS&I's Board and its own role, in providing oversight of a complex programme of this nature.**