



REPORT

National Savings & Investments' Business Transformation Programme

National Savings & Investments



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National Audit Office

National Savings & Investments' Business Transformation Programme

National Savings & Investments

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

7 November 2025



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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.**

Part One

The Business Transformation Programme

1.1 This Part sets out the role of National Savings & Investments (NS&I), and the reasons it started its Business Transformation Programme (the Programme).

The role of NS&I

1.2 NS&I is one of the largest savings organisations in the UK and plays a key role in raising finance for the government through the retail savings market. NS&I borrows on behalf of the government from retail investors through the issue and sale of savings and investments products such as Premium Bonds (**Figure 1** overleaf). It has some 25 million customers who, collectively, have around £240 billion invested with NS&I. Savings with NS&I benefit from a 100% government guarantee, regardless of the amount invested. NS&I also provides banking and other 'business-to-business' services on behalf of several government departments that each have a Memorandum of Understanding with NS&I.

1.3 The COVID-19 pandemic tested NS&I's operations. The government's finance needs increased markedly in 2020-21, and there was a greater demand for NS&I products as people had fewer opportunities to spend, and saved more. NS&I was unable to maintain good service levels, and in January 2021, the NS&I Chief Executive apologised to customers who had experienced poor service in the previous year.

Setting up the Programme

Objectives

1.4 For over 25 years, most of NS&I's operations have been outsourced to a single supplier, beginning in 1999 with a contract with Siemens Business Services, which became part of Atos in 2011. The arrangement covers most of NS&I's operations, such as communicating with customers and processing payments. In 2014, NS&I contracted with Atos to 2021, with the option to extend to March 2024. In looking ahead to expiry of the Atos contract, NS&I concluded that NS&I's service delivery model was no longer fit for purpose or affordable, as it 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.

Figure 1

Key facts about National Savings & Investments (NS&I), 2020-21 to 2024-25

NS&I is one of the largest savings organisations in the UK and plays a key role in raising finance for the government through the retail savings market

	2020-21	2021-22	2022-23	2023-24	2024-25
Number of customers (mn)	25.2	25.2	24.7	24.7	24.9
Total customer deposits at financial year end (£mn)	202,963	207,627	218,255	230,543	240,146
Premium Bond deposits at financial year end (£mn)	109,228	119,560	123,267	125,946	133,155
Total comprehensive net expenditure (£000)	148,508	154,782	173,931	200,400	296,960
Average number of full-time equivalent persons employed	202	199	209	227	254
Net financing for the government from NS&I products (£mn) ¹	23,789 ⁴	4,376	10,001	11,319	9,752
Percentage of transactions and customer communications made using digital channels (%) ²	78	83	85	88	90
Customer satisfaction (%) ³	77	85	75	74	85 ⁵

■ Performance target met

■ Performance target not met

Notes

- 1 NS&I's target for net finance raised changes each year. NS&I's targets from 2020-21 were: £35 billion (± £5 billion), £6 billion (± £3 billion), £6 billion (± £3 billion), £7.5 billion (± £3 billion), and £9 billion (± £4 billion).
- 2 NS&I's target for percentage of transactions and customer communications made using digital channels changes each year. NS&I's targets from 2020-21 were: 68%, 83%, 85%, 87% and 87%.
- 3 NS&I's target for customer satisfaction changes each year. NS&I's targets from 2020-21 were: 85%, 80%, 84%, 80% and 80%.
- 4 In 2020-21, during the COVID-19 pandemic, HM Treasury initially set NS&I a target of £6 billion but revised this in July 2020 to £35 billion. NS&I achieved £23.8 billion, which was below the target range but higher than its previous peak of £18.2 billion in 2014-15.
- 5 NS&I switched to a new measure of customer satisfaction in 2024-25.

Source: National Audit Office analysis of National Savings & Investments' annual reports and accounts and other information

1.5 NS&I saw the Atos contract expiry as an opportunity to modernise its operations through a digital transformation programme, originally called Project Rainbow. The Programme's Strategic Outline Business Case, which HM Treasury ministers approved in July 2020, envisioned a significant transformation of NS&I's operations to achieve three aims:

- 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”.

Programme documentation does not include an end date. In this business case, NS&I expected to complete the Programme by the end of the Atos contract in March 2024.

1.6 In March 2021, HM Treasury approved the Programme's Outline Business Case, which confirmed NS&I's decision to replace the Atos contract with multiple smaller contracts (**Figure 2** overleaf). NS&I considered three main options: an exact like-for-like replacement wherein one supplier would take over all the work done by Atos (which it rejected, as not meeting the Programme's objectives to modernise NS&I); a new contract with a single supplier; and multiple contracts. It concluded that using multiple suppliers would be slightly cheaper than a single large contract (£1.3 billion net present cost, as opposed to £1.4 billion), as it considered a single contract would be less attractive to the market and require NS&I to pay a premium for the main supplier to subcontract work.

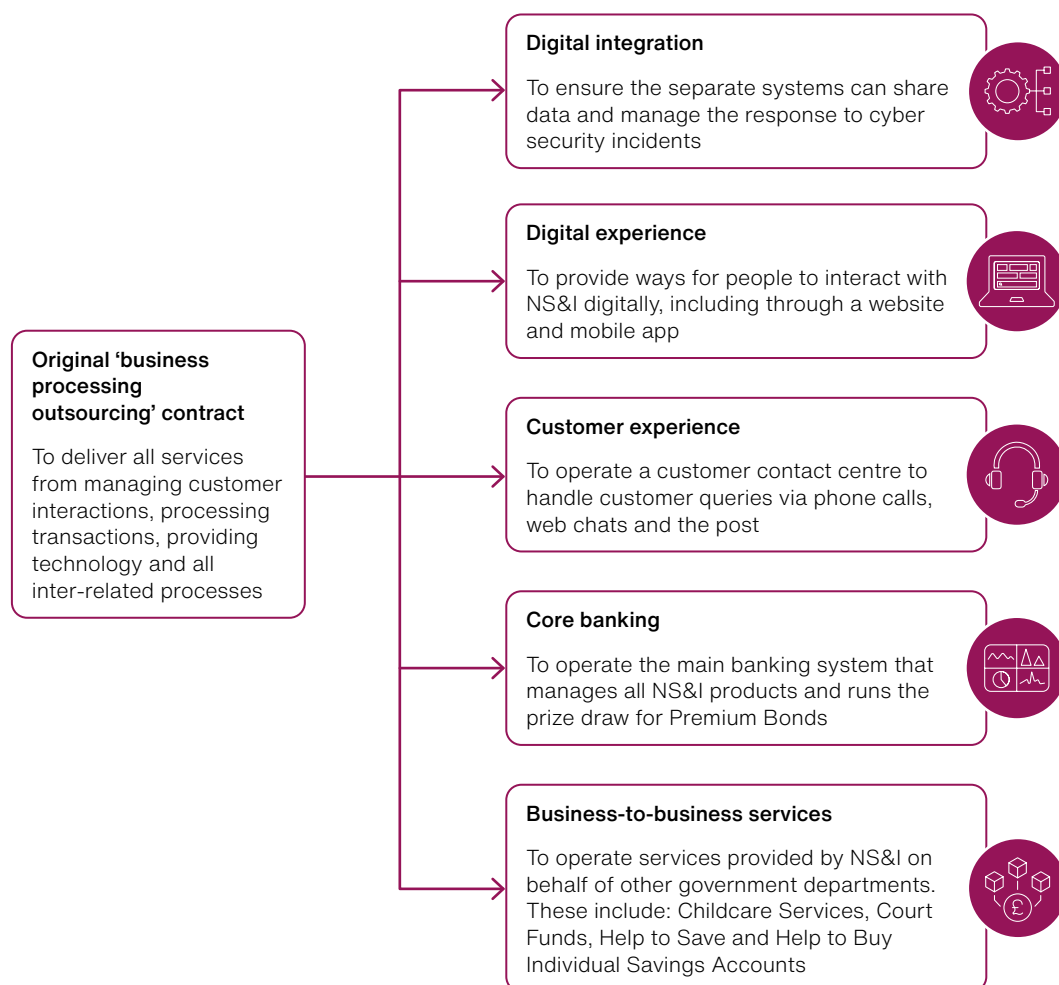
Oversight and responsibilities

1.7 NS&I is responsible for the Programme (**Figure 3** on pages 19 and 20). It is a non-ministerial government department and an executive agency of the Chancellor of the Exchequer. Its Chief Executive is an accounting officer, with direct accountability to Parliament. HM Treasury sponsors NS&I and oversees its operations, including through appointing up to two representatives on the NS&I Board. The Board operates in an advisory capacity to the NS&I Chief Executive, as the Chief Executive bears legal responsibility in their capacity as Director of Savings. NS&I's Programme is the only one in HM Treasury's group of public bodies that is in the Government Major Projects Portfolio. 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.

Figure 2

National Savings & Investments' (NS&I's) approach to moving from a single-supplier to a multi-supplier model

NS&I split its outsourced services into five separate packages



Source: National Audit Office analysis of National Savings & Investments' Business Transformation Programme documentation

Figure 3

Overview of organisations involved in National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme), 2020 to 2025

Several bodies have been involved in overseeing, reviewing and supporting the programme

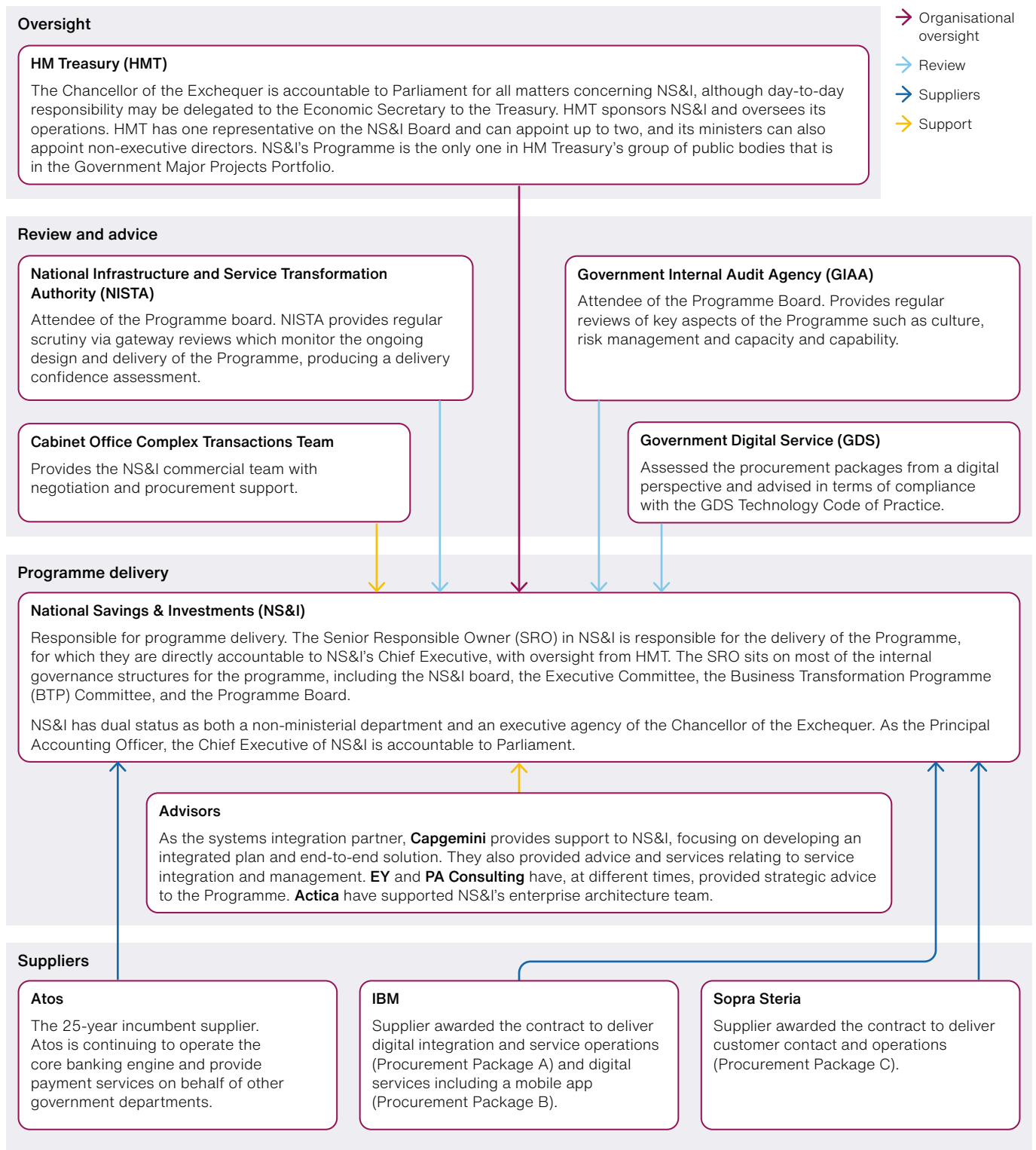


Figure 3 *continued*

Overview of organisations involved in National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme), 2020 to 2025

Notes

- 1 The National Infrastructure and Service Transformation Authority replaced the Infrastructure and Projects Authority; and the Government Digital Service (GDS) was created from the Central Digital and Data Office (since 2024, GDS has been part of the Department for Science, Innovation & Technology).
- 2 See Figure 7 for further details about the procurement packages.

Source: National Audit Office analysis of National Savings & Investments' Business Transformation Programme governance

1.8 HM Treasury's strongest lever to influence the Programme is through budget control. The 2025 Spending Review confirmed HM Treasury's funding for NS&I's Programme in the three years to 2028-29 at £983 million. While HM Treasury told us that it views this as fixed upper limit, NS&I told us that it will be challenging to remain within its budget if the assumptions underlying its business case prove to be optimistic (paragraph 1.10). The Infrastructure Project Authority (IPA) Gate 0 review in August 2024 noted that the timing of the Programme's Full Business Case would need to be aligned with the spending review process and securing ongoing funding approval. To align with that, and without an integrated plan and an agreed revised end date, NS&I had to make a range of assumptions for its proposed budget in its 2024 revised business case. NS&I has not set out how it would manage its position if Programme changes cause costs to exceed those assumed; for example, how it might de-scope the Programme.

1.9 NS&I created a Programme board which sets the overall strategic direction of the Programme, resolves issues and manages risk. The Senior Responsible Owner of the Programme chairs the Programme board, and other attendees include representatives from the National Infrastructure and Service Transformation Authority (NISTA), formerly known as the IPA, and the Government Internal Audit Agency (GIAA). The NS&I Executive Committee acts as a steering committee for the Programme and is accountable to the NS&I Board. In October 2024, NS&I established an NS&I Board Transformation Programme Committee to support the Board and Chief Executive in their oversight of the Programme.

Programme costs and benefits

1.10 When scope is uncertain, and programmes complex, we expect costs to be presented as a range to reflect the uncertainty – this range will take account of risks and differing scenarios, and give a clear cost estimate above which a project might become unaffordable. NS&I's October 2024 business case did not show a range of potential costs.

1.11 Given the way NS&I report Programme performance, we found it challenging to identify Programme 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 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 (intentionally) included costs that were not part of the Programme; it states that neither had any bearing on the decision to proceed on the basis of the Business Case. Using data from the business cases, and its accounting records for the years to 2023-24, NS&I has produced for this report an updated presentation of cost estimates (2020-21 to 2030-31) for each Programme business case (**Figure 4** on pages 22 to 24). Where NS&I adjusted its estimates from those shown in the business cases, we sought to reconcile the new data to data drawn from NS&I's accounting systems. Given the nature of assumptions made in this process, the cost estimates shown in this report should be considered as unaudited and treated with caution. Further information about how the estimates were produced can be found at Appendix One. This year, the Programme Team began reporting an estimate of the Programme's whole life cost, combining spend-to-date and forecasts, to NS&I senior management.

1.12 In total, since the 2020 Outline Business Case, estimated costs have increased by some £1.3 billion (from £1.7 billion to £3.0 billion). The total estimated cost, using 2024 data, includes the following:

- £841 million Programme delivery costs. This covers the new systems being constructed but does not include the costs of running them. This is more than double (or £440 million higher than) a similar estimate derived from the 2020 Outline Business Case (£401 million).
- £771 million of Programme-related running costs (until 2030-31). This includes running the new systems.
- £918 million on the Atos contract (until 31 March 2028). This has increased since 2020 because NS&I has extended the Atos contract by four years, and because NS&I has been borrowing more on behalf of the government.
- £422 million of other costs that NS&I told us that should not be considered part of the Programme, such as its head office. NS&I's 2020 Outline Business Case is unclear on whether these costs were intended to be considered as within the scope of the Programme.

1.13 NS&I's revised Full Business Case outlines that the main benefits of the Programme are reduced running costs, improved customer experience, increased business agility, increased social value and increased security and resilience. NS&I estimated in October 2024 that the net present value of the Programme would be £699.7 million (until 2033-34), higher than if it now decided to revert to the original single-supplier model.

Figure 4
National Savings & Investments' (NS&I's) estimates of costs of the Business Transformation Programme (the Programme), 2020-21 to 2030-31 derived from Business Cases between 2020 and 2024

NS&I estimated, using 2024 data, that Programme delivery costs would be £841 million, compared with £401 million estimated in its 2020 Outline Business Case

2024 Full Business Case	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total spend (2020-21 to 2030-31)
Programme delivery costs (£mn)	–	12	35	64	143	271	211	74	13	9	9	841
Programme-related running costs (£mn)	–	–	–	–	30	116	102	120	141	133	129	771
Other operating costs (£mn)	18	19	17	17	32	42	52	59	54	55	57	422
Atos contract (£mn)	144	125	125	130	137	110	97	50	–	–	–	918
Total (£mn)	162	156	177	211	342	539	462	303	208	197	195	2,952

2023 Full Business Case	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total spend (2020-21 to 2030-31)
Programme delivery costs (£mn)	–	12	32	147	162	91	28	20	6	6	7	511
Programme-related running costs (£mn)	–	–	3	7	91	151	122	117	117	117	119	844
Other operating costs (£mn)	18	19	17	26	35	39	39	46	46	48	49	382
Atos contract (£mn)	144	125	125	126	100	–	–	–	–	–	–	620
Total (£mn)	162	156	177	306	388	281	189	183	169	171	175	2,357

2020 Outline Business Case	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total spend (2020-21 to 2030-31)
Programme delivery costs (£mn)	24	52	51	101	67	49	11	11	11	12	12	401
Programme-related running costs (£mn)	–	22	43	57	91	85	76	76	78	80	79	687
Other operating costs (£mn)	19	21	21	22	27	27	27	32	33	33	33	295
Atos contract (£mn)	109	93	72	55	–	–	–	–	–	–	–	329
Total (£mn)	152	188	187	235	185	161	114	119	122	125	124	1,712

2020 Strategic Outline Business Case	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total spend (2020-21 to 2030-31)
Programme delivery costs (£mn)	4	32	69	70	27	–	–	–	–	–	–	202
Programme-related running costs (£mn)	–	69	77	85	164	58	62	63	64	66	67	775
Other operating costs (£mn)	19	19	22	25	26	29	28	29	29	30	30	286
Atos contract (£mn)	110	118	90	62	–	–	–	–	–	–	–	380
Total (£mn)	133	238	258	242	217	87	90	92	93	96	97	1,643

- Sunk cost from business case
- Estimate from business case
- Revised sunk cost provided by NS&I¹

Figure 4 *continued*
National Savings & Investments' (NS&I's) estimates of costs of the Business Transformation Programme (the Programme), 2020-21 to 2030-31 derived from Business Cases between 2020 and 2024

Notes

- 1 NS&I's October 2024 Full Business Case states that 'sunk costs' from 2021-22 to 2023-24 were £200 million. NS&I told us that the 2023-24 amount used in the business case was an estimate that included costs up to October 2024 – rather than being the actual spend in 2023-24 – and that actual costs over three years were £111 million. It provided us with underlying data from its accounting systems to evidence the revised amount. NS&I has not adjusted other amounts from the business case. The amount for 2020-21 running costs does not appear in either the 2023 or 2024 business cases and is instead derived from NS&I's 2024-25 Annual Report and Accounts. NS&I's accounts do not distinguish between the Atos contract and other running costs.
- 2 The presentation above is different from the Programme's business cases, which did not distinguish between Programme delivery costs and other running costs, although this information was available in the underlying financial models. We have not assessed whether the presentation is consistent between the different business cases.
- 3 NS&I's October 2024 Full Business Case forecast covers a 10-year period from 2024-25 to 2033-34. The table above only shows costs until 2030-31, so the 2024 estimate includes fewer years of running costs. For further information about how these estimates were prepared, see Figure 12 in Appendix One.
- 4 The 2024 estimate does not yet reflect the Programme's current approach.
- 5 All figures exclude depreciation and include VAT paid by NS&I. Each number is in nominal terms and rounded to the nearest £1 million.
- 6 We have not audited these numbers.

Source: National Savings & Investments' analysis of its Business Transformation Programme business cases and additional information from its accounting records

Part Two

Programme progress and the reset

2.1 This Part examines the progress made by National Savings & Investments (NS&I) on its Business Transformation Programme (the Programme) between the Programme's formal commencement in 2020 and its reset in 2024 (**Figure 5** on pages 26 and 27).

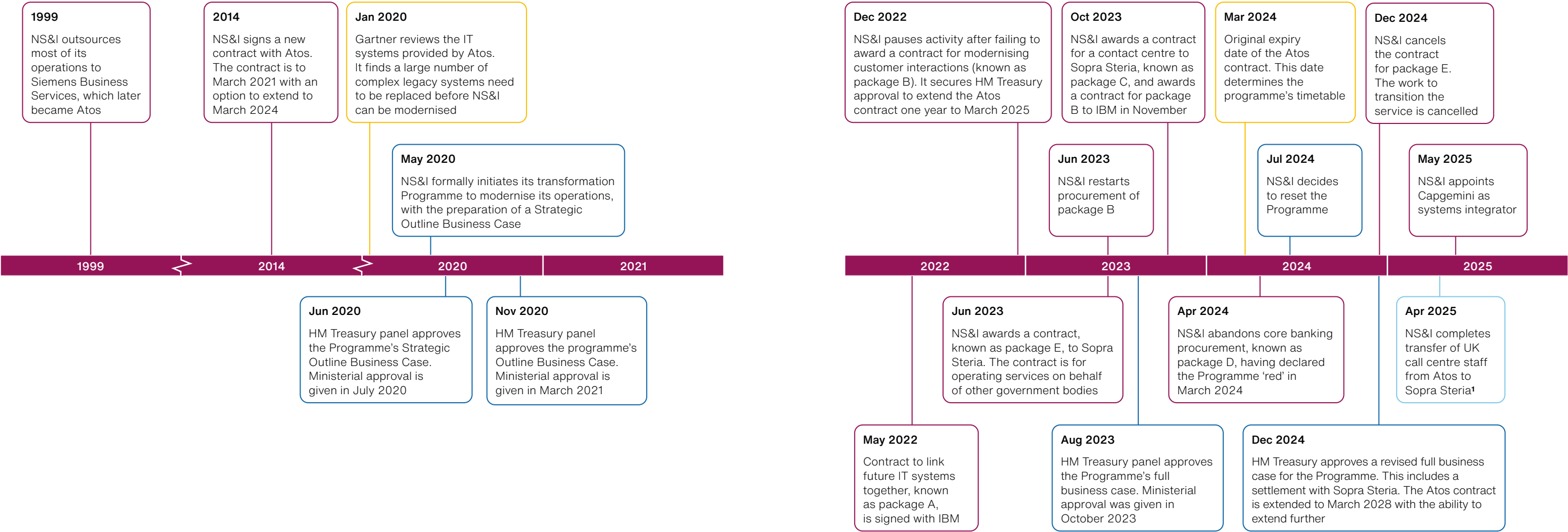
The Programme timetable

2.2 NS&I set itself an optimistic timetable. It originally expected to develop a new strategy, review its operations, replace its main outsourcing contract with Atos, replace legacy systems and adopt new technologies with all necessary contracts awarded by March 2024. It did not allow time for understanding or testing the technical infrastructure, or as contingency.

2.3 NS&I was aware that its approach had risks but did not consider in enough detail how difficult it would be to make it work, or take note of external reviews. For example, an Infrastructure and Projects Authority (IPA) Gateway Review in September 2020 found that the Programme had not developed its understanding of alternative options as comprehensively as for its preferred option. In its Outline Business Case, NS&I recognised that there were higher risks with its preferred option, but stated that the risks could be mitigated by increasing NS&I's capability and upskilling the organisation. It did not give any details of the new capabilities it needed or how to acquire them, and did not contain detail about how it would manage systems integration. HM Treasury agreed with the rationale for NS&I's approach but expressed concerns about NS&I's ability to deliver the project and manage multiple suppliers.

Figure 5
National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme) timeline, 1999 to 2025

NS&I formally began the Programme in 2020, and reset it in 2024 following the failure of two procurements



- Commercial activity
- Successful delivery
- Governance
- Other

Notes

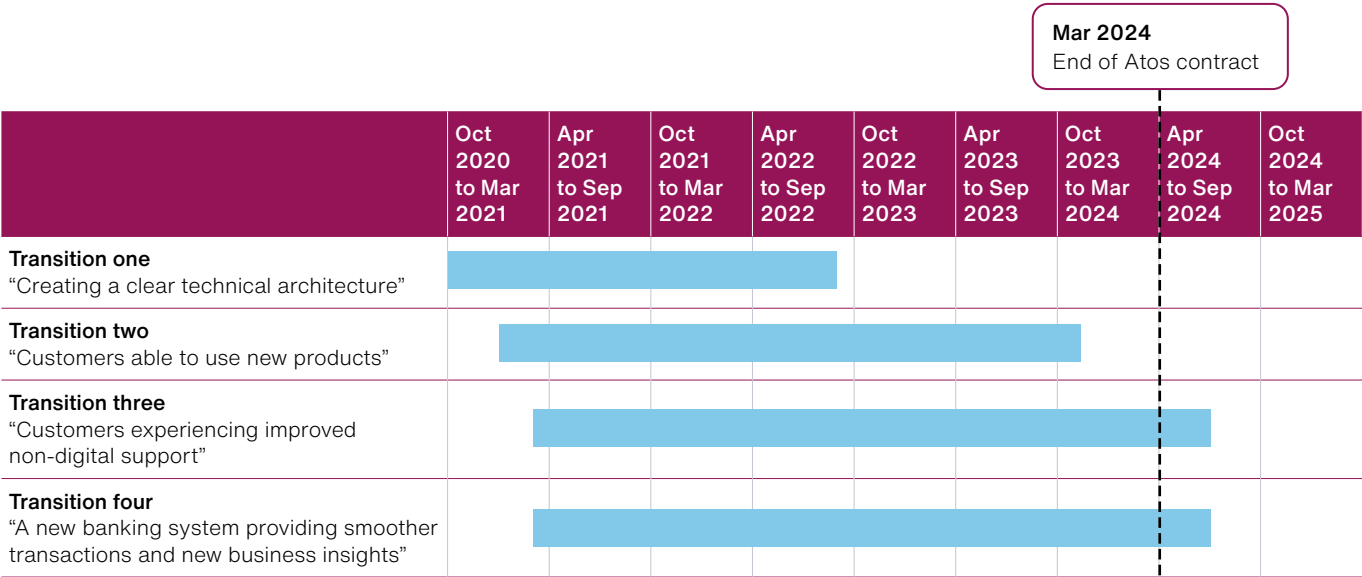
1 A further transfer of Atos staff took place in October 2025. NS&I told us it started rolling out a preliminary version of a new mobile app in the same month.

2 This timeline shows the main events in the Programme and is not exhaustive.

2.4 Our view, based on our work on government digital programmes, is that, while there is a rationale for disaggregating operations, most private sector organisations would not have adopted such an approach without greater skills at digital integration and a better understanding of the technical issues. NS&I planned its future operating model at a high level, but this was not underpinned by extensive technical understanding. It planned to take its operations through four ‘transitions’, of which the first was meant to develop a clear ‘technical architecture’ (**Figure 6**).⁴ Its timetable required the other three transitions to start before this first stage would be finished, implying that a significant amount of design work for the three transitions would occur alongside the development of the central technology components. NS&I told us that it considered it needed to undertake these stages in parallel because of the Atos contract end date of March 2024. We did not see evidence that the Programme’s approach, as set out in its business case, set out dependencies, time for testing or allowance for contingency for delay.

Figure 6
National Savings & Investments’ (NS&I’s) approach to transformation

NS&I expected to undertake four transition stages from 2020 to 2024, but largely simultaneously and there was not time to complete the first before the fourth was expected to start



Notes

- 1 NS&I’s business case did not give exact dates for the four transitions, so the start and end of each transition is approximate.
- 2 At launch, NS&I expected to complete the Programme by March 2024, when its contract with the incumbent supplier Atos was due to expire.

Source: National Audit Office analysis of National Savings & Investments’ Business Transformation Programme Outline Business Case

4 A technical architecture is the specification of the computer hardware, software, data and processes needed, and how they are linked together, for a service to function.

2.5 It was also unclear what would happen to services (such as facilities management and accounting) that Atos provides through the contract with NS&I and which would also need to be re-procured before the Atos contract ends. In its October 2020 Outline Business Case, NS&I proposed to include these services in the Programme procurements, but subsequently decided not to include them in its plans for the Programme. Later business cases made only limited reference to these services. NS&I told us that it is including these services in the organisational transformation element of the programme, and that they will be upgraded as existing systems become due for modernisation.

The Programme contract awards

2.6 This section sets out the progress made in awarding five contracts, which NS&I names procurement packages A to E (**Figure 7** on pages 30 and 31). The Programme's procurements are documented in the way we would expect, and NS&I consulted with the market on how to divide the work between the five procurements. Its approach included an attempt to transfer many risks to suppliers. The winning suppliers all said that the market engagement had led to improvements and that the final split of work between procurement packages was appropriate. However, NS&I received no more than two final bids for four of the five main contracts. Several potential bidders withdrew or submitted bids that NS&I rejected as invalid, citing concerns over the level of risk they were being asked to manage.

NS&I's contract for the core banking system

2.7 NS&I's core banking system allows it to manage accounts and transactions, such as deposits and withdrawals, of some 25 million customers. NS&I started a procurement (package D) for a new core banking system in 2022, but the only supplier prepared to make a final bid was Atos. NS&I told us that after it awarded Atos preferred bidder status, Atos had requested further changes after negotiation had finished. Atos told us that its tender had not been acceptable to NS&I and that further discussions had been needed at the preferred bidder stage. In April 2024, after six months and with both parties unable to reach agreement, NS&I informed Atos that it was cancelling the procurement, as it was not delivering NS&I's needs. Instead, NS&I extended the original Atos contract to end in March 2028 with further extensions possible, and included provision for work to update the core banking engine.⁵ In October 2024, NS&I estimated that delays with package D had increased the Programme's cost by £39.2 million.

⁵ The contract currently ends in March 2028. It includes extension clauses which allow NS&I to change the end to March 2029, and 'termination assistance' clauses which allow services to be provided until March 2031.

Figure 7

Procurements attempted for National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme)

NS&I attempted to award five contracts, but encountered significant problems in procuring and awarding the new contracts

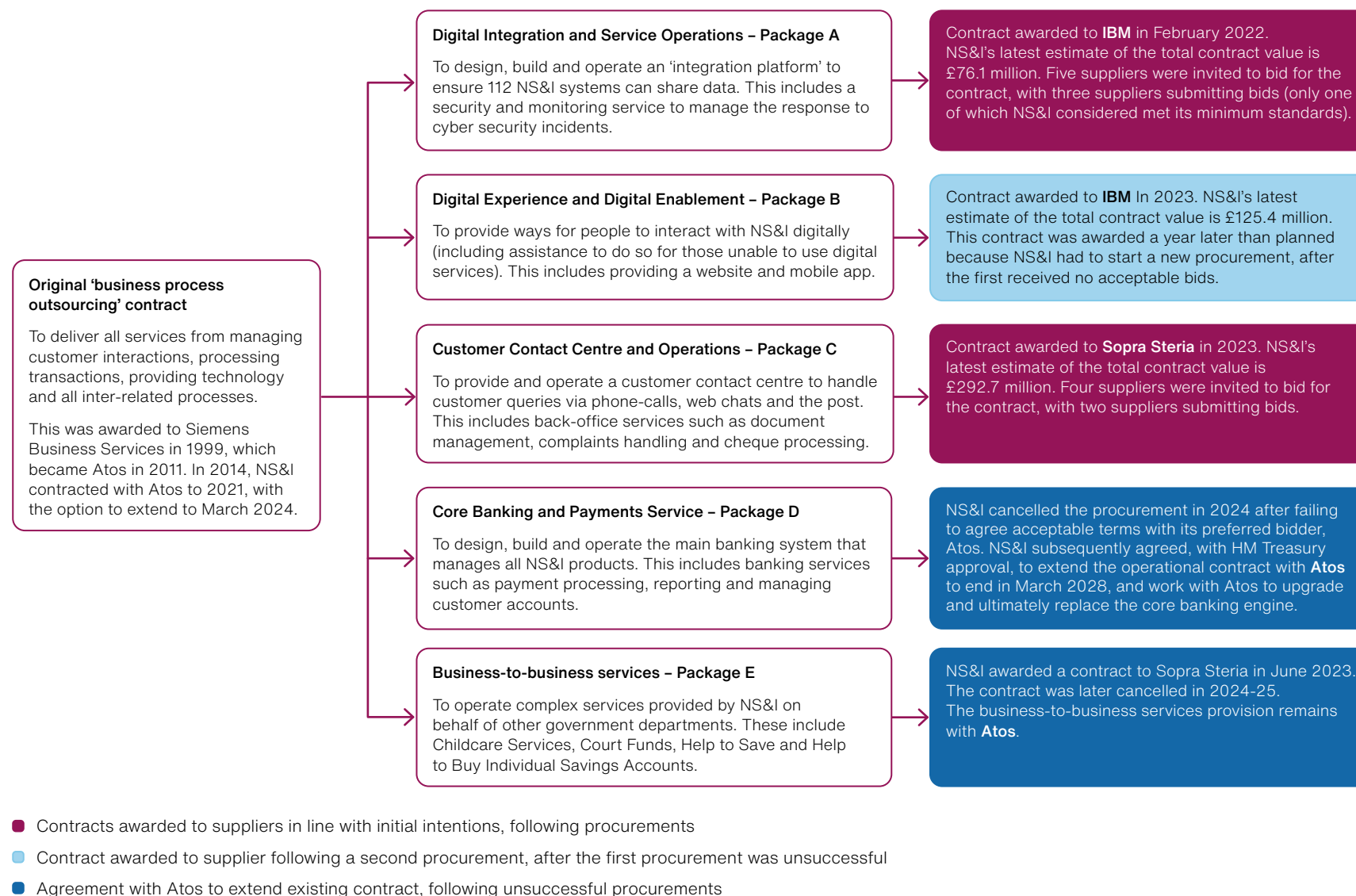


Figure 7 *continued*

Procurements attempted for National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme)

Notes

- 1 Contract values exclude VAT.
- 2 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 was estimated at £530 million.

Source: National Audit Office analysis of National Savings & Investments' Business Transformation Programme procurements

2.8 In July 2025, NS&I and Sopra Banking Software (SBS) announced that SBS had been tasked to work with Atos to replace the core banking engine. NS&I told us that it intends to replace the core banking engine by March 2028. This work is at an early stage, and NS&I told us that its planned timetable was being met. By August 2025 the first six of the 21 milestones (representing 26% of the total value of all milestones) had been achieved. Until the core banking engine replacement is built and taken into live service, Atos are commencing a project to update the current retail banking software and related system components, to ensure it is supported through to 2028. In 2019, a Gartner report found that Atos had been using multiple versions of the core banking system software: some of these had been in operation for five years without support from the original manufacturer. Atos told us that it is now using just three different versions. NS&I told us that the existing banking software is currently supported by SBS, with all critical components up to date. From March 2026, NS&I plans to only update critical aspects of the current banking engine, which it estimates will save around £15 million. NS&I also told us that it plans to award a new contract to help it operate and maintain the new banking engine after March 2028. NS&I has yet to start a procurement for this work, but approved a market engagement strategy in August 2025.

Delays on other contracts

2.9 NS&I awarded three other contracts with a dependency on the core banking system. NS&I underestimated the complexity of interdependencies between the packages and time required which, in addition to issues with package D, has meant that packages A, B and C (see Figure 7) are not fully operational as planned.

2.10 In February 2022, NS&I awarded a contract, package A, to IBM United Kingdom Ltd (IBM) for a system to monitor 112 other NS&I systems and ensure they can share data with each other. Costs in the first three years increased by £14 million, and as of May 2025, the total cost forecast is over double the original estimate. The contract has been amended to allow IBM to work in different ways; for example, where assumptions in the original contract specification turned out to be incorrect and to ensure supplier staff are retained on the contract. The new system, the 'Digital Integration Platform', was complete in May 2023 but is "mothballed" because NS&I's existing systems cannot yet make any data available. It will only become fully operational once the other packages are live.

2.11 In 2022, NS&I attempted a procurement for package B, for a service to help NS&I design new products and to allow customers to interact with NS&I digitally, including through a new website and new mobile app. NS&I abandoned the procurement in late 2022 when it concluded that none of the bids received were acceptable. NS&I started a new procurement for package B in 2023 and awarded a contract to IBM in November 2023 – more than a year later than originally planned.

2.12 Following its decision to abandon the first procurement for package B, NS&I extended its contract with Atos by one year, and extended the procurement processes for packages C and D. This was described in the Programme's 2023 Full Business Case as "a pause in the process to allow NS&I to undertake programme re-baselining of the impacts from the decision to abandon the package B procurement". In June 2023, the IPA Gate 3 review noted that the programme had "made good progress in recovering from a pause and re-set of the programme initiated by the SRO" (Senior Responsible Owner), and the SRO noted that, "the programme pause and reset in late 2022 was a difficult decision but the right thing to do in order to put the programme on a strong delivery footing for the move into the implementation and delivery phase." In July 2023, NS&I estimated that the failed procurement would increase the Programme's cost – due to re-procurement and consequential delays to other parts of the programme – by £21.5 million.

2.13 NS&I told us it started rolling out a preliminary version of a new mobile app, offering limited features to customers, in October 2025, a year later than planned. It has no timetable for replacing its website. NS&I and IBM agreed that delays occurred because NS&I's understanding of the systems – and the dependencies between them – was incomplete. In 2024, NS&I estimated that it would need to pay IBM an additional £7.6 million for work needed, resulting from delays. Nevertheless, NS&I estimates that by March 2025 it had spent some £10 million less than expected on this contract, because costs have been deferred.

2.14 NS&I awarded package C to Sopra Steria Ltd (Sopra Steria), in October 2023. This contract is for a new customer contact centre. UK call centre staff transferred from Atos to Sopra Steria in April 2025, and Atos staff in India transferred to Sopra Steria on 1 October 2025. The new contact centre is not yet fully live, and NS&I will not know when it will be until it has an integrated delivery plan agreed between NS&I and its suppliers (paragraph 3.15). In 2024, NS&I estimated it would need to pay Sopra Steria an additional £8.6 million for work needed as a result of delays, and NS&I estimated that delays to this package have added £22.2 million to Programme costs.

The contract for providing services on behalf of other departments

2.15 Procurement for 'business-to-business services' (package E) covers payment services for schemes that NS&I runs on behalf of other government departments – such as Childcare Services and the Help to Buy Individual Savings Account. NS&I awarded package E to Sopra Steria in June 2023 but subsequently cancelled the contract. Sopra Steria found that the infrastructure used to provide the services was more complicated than it had assumed in its bid. A technical review found that Sopra Steria's plan to take on the service was unrealistic, and that it had not properly understood how data was stored or how the digital infrastructure used by Atos was structured. If NS&I had had a detailed understanding of how its own services were being delivered, it might have identified this issue when reviewing the bid. NS&I and Sopra Steria disagreed about whether this greater complexity should have been apparent from the data that NS&I provided to bidders, and agreed to terminate the contract without assigning blame. NS&I agreed to pay Sopra Steria £2 million in 2024-25 to exit the contract.

2.16 The future provision of these services is now uncertain. Cancelling the contract for package E leaves Atos providing the services. NS&I has negotiated with Atos an option to extend provision to March 2029, and potentially to 2031. In 2025, NS&I told departments that it intended to stop providing these services, and its October 2024 Full Business Case states that there is no plan to provide these services after its agreement with the departments owning the services lapses in March 2027. NS&I considers that it will be for government departments to determine whether they need the services after 2027, and whether they want NS&I to continue providing them. NS&I has begun engagement with user departments to consider options for service delivery beyond March 2027. User departments that we interviewed told us that while it is helpful for NS&I to have communicated its overall intention, they have concerns about potential costs and are looking for clear and effective engagement from NS&I to manage the potential impact on their ability to provide services. Stopping these services without sound planning would cause disruption for departments and for hundreds of thousands of people using the services.

Atos's financial situation

2.17 NS&I told us that Atos's deteriorating financial situation made it more challenging for the Programme. Atos and its parent company, Atos SE, reported losses from 2021 to 2023, and Atos SE had high levels of debt to repay. NS&I and its suppliers told us that they had found it difficult to obtain information about NS&I's systems from Atos, particularly in early 2024. Atos told us that it and NS&I had received a high volume of requests for technical information during early 2024, which extended the planned timetable. NS&I told us that the negotiations with Atos during the period mid-2023 to late 2024 were challenging, and NS&I undertook contingency planning for an Atos financial failure. In December 2024, Atos changed its management team for the NS&I contract with a new leader of the relationship with NS&I, and changed its internal reporting arrangements. NS&I and its suppliers told us that the relationship had improved in 2025, and all the Programme's main suppliers signed a collaboration agreement by 2025. Until the Programme is complete, NS&I must rely on Atos to provide services and to help strengthen NS&I's understanding of existing systems, dependencies and gaps.

The impact of the delays

2.18 By 31 March 2024, NS&I had spent £111 million on the Programme without delivering the intended benefits. No modernisation of live services had been achieved by that date, although NS&I told us they undertook preparatory work and built enabling technical capabilities during this period. 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 (**Figure 8**).⁶ NS&I considers that the benefits of the Programme are still deliverable but are now subject to key changes in delivery approach and timing. NS&I told us that it is working towards benefits realisation monitoring and reporting, but this will not take effect until the Programme delivery schedule is agreed.

⁶ NS&I's accounting records show £111 million in Programme costs for the three years to 2023-24. In its 2024 Full Business Case, NS&I said "expenditure on the Programme prior to the current year 2024-25 totals £199.6 (million)"; NS&I has told us this was an error and the statement should have read "in the 2023 FBC, expenditure on the Programme prior to the current year 2024-25 was forecast to be £199.6m, but due to unforeseen complexity and resultant delays the actual costs were £111m". In the 2024 Full Business Case, NS&I indicated that these costs were 'sunk' and therefore not relevant to the Full Business Case relating to funding and other matters from 2024-25 onwards. However, they are relevant to any estimate of total Programme cost.

Figure 8**Impact of the delays to National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme)****Delays to the Programme have meant NS&I expects to make additional payments**

Item	Amount	Comments
	(£mn)	
Delay relief – IBM ¹	7.6	Estimated additional payments for work needed, resulting from delays on procurement package B
Delay relief – Sopra Steria ¹	8.6	Estimated additional payments for work needed, resulting from delays on procurement package C
Termination payments – Sopra Steria	2.0	Paid to terminate the contract for procurement package E in 2024-25
Total expected additional payments to the main Programme suppliers	18.2	
Total Programme spend to 31 March 2024	111	NS&I's transformation was meant to have completed by March 2024

Notes

- 1 NS&I's October 2024 Full Business Case describes 'delay relief' amounts as "expected additional payments to PPB of £7.6 million and to PPC of £8.6 million resulting from not starting services on the date originally intended." NS&I told us that these were high-level estimates of the increased total lifetime cost of the contracts. It is unable to provide updated estimates.
- 2 Amounts include VAT. The change in delivery model led to some of NS&I's contracts becoming subject to standard-rated VAT where these services were previously exempt. NS&I took external financial and legal advice on how to apply VAT to its new contracts.
- 3 The figure does not include increased spend with Atos. Since 2022, the Atos contract has been extended twice and the total value has increased (see Figure 4).

Source: National Audit Office analysis of National Savings & Investments' Business Transformation Programme 2024 Full Business Case, and Programme cost information

NS&I's reset of the Programme

2.19 In March 2024, the Committee of Public Accounts reported on *Managing government borrowing*. The report highlighted the significant delays to the Programme because of a poorly executed procurement process and recommended that NS&I provide progress updates to the Committee.⁷ In January 2025, the Chief Executive of NS&I wrote to the Chair of the Committee of Public Accounts explaining that NS&I was implementing a recovery plan with revised timelines and re-forecast costs.

2.20 NS&I started to reset the Programme in July 2024, following the issues with procurement packages D and E (paragraphs 2.7 to 2.15). In March 2024, following procurement issues, NS&I changed its Programme rating from 'amber' to 'red' for a second time, leading to a full programme reset. The IPA had raised concerns over the Programme's progress for several years, and the Programme was rated 'red' in IPA's annual reports for 2022-23 and 2023-24. In its August 2024 Gate 0 review, the IPA found that the Programme was not deliverable and that NS&I needed more capability in the Programme team. Later that month, NS&I commissioned a recovery plan from PA Consulting. We regard this as a 'reset' as defined by our March 2023 report *Resetting major programmes* – programme resets can involve a fundamental change to a programme's output, timing and approach, or a significant revision of cost and time estimates.⁸ In December 2024, HM Treasury approved a revised full business case, allowing NS&I to cancel the procurement for package D and negotiate an alternative approach through the existing agreement with Atos, and to end the contract for package E, but this did not address all remaining risks.

⁷ Committee of Public Accounts, *Managing government borrowing*, Fifteenth Report of Session 2023-24, HC 74, March 2024, available at: publications.parliament.uk/pa/cm5804/cmselect/cmpubacc/74/report.html

⁸ Comptroller and Auditor General, *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

Part Three

Managing the remaining risks

3.1 This Part examines how National Savings & Investments (NS&I) will manage the remaining risks and issues as it finishes the reset of its Business Transformation Programme (the Programme). We consider that NS&I faces many risks with the Programme, particularly in:

- properly understanding the complexity;
- obtaining the right skills and capability;
- improving the Programme's planning and governance; and
- managing the commercial arrangements.

3.2 Digital transformations are highly complex, particularly for small organisations with limited experience in major digital transformation programmes. Previous NAO reports highlight important considerations for organisations taking on and resetting major programmes, and we used these to review how the Programme is managing the risks.

- *The challenges in implementing digital change* lists six key things that organisations need to get right at a programme's outset, including understanding aims, ambitions and risk, and using the right mix of capability.⁹
- *Resetting major programmes* outlines the importance of developing a shared understanding of how to do a reset, and what it needs to achieve.¹⁰

⁹ Comptroller and Auditor General, *The challenges in implementing digital change*, Session 2021-22, HC 575, National Audit Office, July 2021, available at: www.nao.org.uk/insights/the-challenges-in-implementing-digital-change

¹⁰ Comptroller and Auditor General, *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

Understanding the complexity

Learning from assurance reviews and setting the right culture

3.3 Assurance of government programmes is important to help those involved to make decisions, to challenge the programme to take corrective action, and to have confidence in how it is progressing.¹¹ Several government bodies, including the Infrastructure and Projects Authority (IPA), the Government Internal Audit Agency (GIAA), Cabinet Office and HM Treasury have reviewed or provided advice to the Programme (**Figure 9** on pages 38 to 40).

Figure 9
Reviews of National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme), January 2020 to March 2025

Reviewers have reported issues with NS&I's understanding, capability, planning and approach

Date of review	Reviewing organisation	Review	Rating or opinion	National Audit Office summary of review findings
January 2020 (conducted: 2019)	Gartner	IT strategy review	N/A	NS&I's IT systems are complex, with seven different versions of the main banking software in use, some of which are at the end of their life Exiting from the Atos contract must not be underestimated, as it will cause unnecessary service disruptions, customer dissatisfaction, additional transition costs and delays in ongoing support work
April 2020	Infrastructure and Projects Authority (IPA) ¹	Project Validation review	N/A	The Programme has been initiated appropriately There were significant risks, which were being managed, and a need to develop a clear understanding of what the outline business case would contain, what decisions would be required and which decisions could be deferred
2020 (panel: June; Ministers' approval: July)	HM Treasury	Treasury Approval Process (TAP), Strategic Outline Business Case	N/A	Ministers approved NS&I proceeding to develop an outline business case subject to conditions including consideration of options, and project delivery risk management and mitigation
September 2020	IPA	Gate 2 review	Amber	The overall commercial and procurement strategy and approach were sound, but there are significant capability gaps to address, and there is a significant risk of worsening to 'amber/red' very quickly if its recommendations are not acted on
2021 (panel: November 2020; Ministers' approval: March 2021)	HM Treasury	TAP, Outline Business Case	Approved with conditions	Ministers approved NS&I's preferred option of a 'disaggregated multi-sourced model', noting the higher risk profile for this option and setting conditions relating to accountability, governance and HM Treasury oversight, internal capability and external assurance
March 2021	IPA	Annual report, 2020-21	Amber	The Programme has changed its delivery plan, and needs to acquire additional resources to commence activities

11 Comptroller and Auditor General, *Governance and decision-making on mega-projects*, Session 2024-25, HC 545, National Audit Office, March 2025, available at: www.nao.org.uk/insights/governance-and-decision-making-on-mega-projects

Figure 9 *continued*

Reviews of National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme), January 2020 to March 2025

Date of review	Reviewing organisation	Review	Rating or opinion	National Audit Office summary of review findings
March 2022	IPA	Annual report, 2021-22	Amber	Delays in obtaining staff have caused delays, including to planned procurements and to work on legacy data. Atos has not had capacity to contribute as expected
March 2022	Government Internal Audit Agency (GIAA)	Programme End of year report, 2021-22	Moderate	Despite an internal rating of amber/red due to resourcing challenges and despite the delivery challenges it faces, the programme remains optimistic
August 2022	IPA	Critical Friend Review	Amber/Red	The Programme lacks the maturity expected of a government major programme It needs clearer decision-making authority and to improve its risk management Service transition has not been considered, resourcing is unclear and the plan is not deliverable
January 2023 (conducted: 2022)	Gartner	Update to previous review	N/A	Some risks have been addressed but new risks have emerged and will emerge. Although the Rainbow programme has been set up well, significant risks to success include capability, transition plan detail, reliance on Atos, and integration
March 2023	GIAA	Programme End of year report, 2022-23	Limited opinion	Significant weaknesses in contingency planning, knowledge retention and reliance on consultants The Programme's plan is not reported to the programme board. Costs are expected to be 48% higher
March 2023	IPA	Annual report, 2022-23	Red	Following the failed procurement for package B, NS&I is revising its Programme plan
June 2023	IPA	Gate 3 review	Amber	Good progress recovering from a pause and reset The Programme has strong support but relies on consultants and needs to better own the changes it is making
2023 (panel: August; Ministers' approval: October)	HM Treasury	TAP for Full Business Case	Approved with conditions	Conditions included cost control and learning lessons from the procurements to improve assumptions about market pressures and risk
February 2024 (conducted November 2023)	Gartner	Assessment of NS&I's IT systems, 2023	N/A	The review covered all NS&I's systems. It found progress since its previous review, but six of the seven main risks identified remain. Additional delay to the Programme was assessed as presenting the highest of these risks The complexity of managing multiple contracts and transitions requires careful and detailed planning and dedicated resources with the appropriate capacity
February 2024	GIAA	Programme End of year report, 2023-24	Limited	GIAA's recommendation to build contingency into the plan has not been implemented, other than by a plan to extend the Atos contract The Programme lacks a plan to manage its workforce and recruitment is slow

Figure 9 *continued*

Reviews of National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme), January 2020 to March 2025

Date of review	Reviewing organisation	Review	Rating or opinion	National Audit Office summary of review findings
March 2024	IPA	Annual report, 2023-24	Red	As well as failing to award a contract for the core banking system, other milestones are no longer achievable Complexity was higher than NS&I and suppliers had expected
August 2024	IPA	Gate 0 review	Red	A lack of understanding within NS&I of the complexity and interdependencies of the legacy service and technology has meant it underestimated the challenge of disaggregating the legacy service and exiting the Atos contract
September 2024	Gartner	Review of the Programme approach	N/A	There are 59 gaps, across 20 categories, in the Programme's approach, including no detailed end-to-end design, NS&I lacking an understanding of its own operations, and data quality
December 2024	HM Treasury	HM Treasury approval, revised Full Business Case	Approved with conditions	Approval was a finely balanced decision Conditions imposed include a further ministerial approval, a cap on funding, and seconding a Treasury official to NS&I
January 2025	IPA	Assurance of action plan	Amber	Considerable progress made resolving commercial disputes The review did not assess whether the plan was deliverable but considered that the Programme could proceed to develop a revised Full Business Case
March 2025	GIAA	Annual report, 2024-25	Limited	GIAA's review of NS&I's overall controls found that NS&I's ability to implement control improvements in suppliers is directly constrained by the need to prioritise the Programme
March 2025	National Infrastructure and Service Transformation Authority (NISTA) ¹	Annual report, 2024-25	Red	Programme is enacting its recovery plan There is a risk of slippage due to mismatches between contracts and the programme's roadmap, and of design gaps necessitating re-work

Notes

1 The IPA was succeeded by NISTA. They define:

- *red*, as meaning "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";
- *amber*, as "successful delivery appears feasible but significant issues already exist, requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun"; and
- *green*, as meaning "successful delivery of the project on time; budget and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly."

2 The GIAA defines:

- *moderate*, as meaning "some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control"; and
- *limited*, as meaning "there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective."

Source: National Audit Office analysis of reviews by external organisations

3.4 The external reviews identified many of the issues that caused the Programme to need a reset, but NS&I has sometimes been slow to address their findings. For example, IPA's Gate 2 review in 2020 noted that "transition to a multi-supplier arrangement will increase demand on the contract management team and the movement from the legacy IT estate will require increased IT capacity, especially in enterprise architecture and systems integration." Although NS&I had appointed consultants to help with systems integration earlier in the Programme, IPA's August 2024 Gate 0 review identified a gap in complex systems integration skills, and HM Treasury's approval of the Programme's Full Business Case, in December 2024, was conditional on NS&I strengthening the Programme's systems integration function. In May 2025, NS&I appointed Capgemini as systems integrator and to lead planning activity. GIAA's 'End of Year' opinion for 2023-24 noted that during the year, "progress to address audit and IPA actions has been slow and not at the pace expected, with the Programme Director explaining that this has been because of that lack of capacity in the Programme as the focus has been on replanning." 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.

3.5 Programmes also need the correct culture and leadership. In our previous work on major programmes, we have observed good news cultures presiding, where decisions are not made and disagreements between stakeholders are not resolved.¹² In December 2024, GIAA undertook a review of NS&I's culture and identified that staff felt decision-making was slow and hierarchical, decision-making processes were not understood, and there was a lack of transparency within Programme processes that hindered staff confidence in making appropriate decisions at their level. NS&I has developed a new leadership development programme to address the issues raised, and told us it had since tasked a group of senior leaders to analyse the culture review's findings and to develop an action plan.

3.6 In recognising a reset, government bodies may find it easier to identify lessons for the next programme stage.¹³ NS&I has learned some lessons but it will need more support to deliver the Programme. In its January 2025 assessment, IPA found there had been considerable progress, but its review did not assess whether the Programme outcomes were deliverable. The most recent Programme rating, which NS&I reported to the National Infrastructure and Service Transformation Authority (NISTA) in March 2025, remained as 'red'. There are still longer-term risks that NS&I will need to address if the Programme is to achieve its intended benefits. For example, replacing the core banking engine has an extremely high risk, because it affects customer data. NS&I has commissioned several reviews from Gartner to help it understand the technical risks faced by the Programme, and it may need more of this detailed assurance to help the Programme complete the reset.

¹² See footnote 11 (Governance and decision-making on mega-projects).

¹³ See footnote 10 (Resetting major programmes).

Understanding the systems being replaced and integrated

3.7 Our report *Government's approach to technology suppliers: addressing the challenges*¹⁴ notes that digital programmes are particularly complex, with former flagship major transformation programmes failing to deliver results as expected. We have found in our previous work on digital change programmes that designing and developing technology solutions based on an incomplete architecture and design can result in costly re-work, with solutions being sub-optimal, taking longer and creating integration issues.¹⁵ In January 2020, a Gartner review warned NS&I not to underestimate the challenge of exiting the existing Atos contract, and highlighted risks around the complexity and poor documentation of the IT systems involved. NS&I has struggled to develop a detailed understanding of the systems it is replacing. In 2024, NS&I recognised that its incomplete understanding of the existing systems and technology had led to delays.

3.8 NS&I now has a better understanding of the solution gaps and has taken action to improve its ability to integrate the various systems together. In 2024, a Gartner review identified 59 "solution gaps" across the Programme, including 14 relating to the end-to-end design. NS&I appointed EY in March 2025 to help it work with the new suppliers to resolve the highest priority end-to-end design issues. This work includes, for example, developing an understanding of how all the systems will work together to adopt a consistent customer identification process. NS&I appointed Capgemini in May 2025 to help it integrate the various systems and define the end-to-end design.

3.9 NS&I told us in October 2025 that it had resolved 23 of the 42 highest-priority end-to-end design issues, with support from EY. The resolved issues still need to be incorporated into the integrated planning and commercial resets. NS&I has further issues requiring solutions, and it is likely to uncover additional gaps as it undertakes more detailed planning as part of the Programme reset. Capgemini, as the systems integration partner, can provide NS&I with advice and expertise, but NS&I has responsibility and ownership for ensuring that integration happens effectively.

¹⁴ Comptroller and Auditor General, *Government's approach to technology suppliers: addressing the challenges*, Session 2024-25, HC 543, January 2025, available at: www.nao.org.uk/insights/governments-approach-to-technology-suppliers-addressing-the-challenges

¹⁵ See footnote 9 (The challenges in implementing digital change).

Obtaining the skills and capability

3.10 NS&I has little previous experience of delivering major government programmes. It is also a relatively small organisation, with around 200 staff, but supplemented by almost 2,000 Atos staff delivering the contract. At the start of the Programme, NS&I recognised that its capability was a key risk. However, it did not mitigate this risk sufficiently and it has remained an issue throughout the Programme. Reviews have identified skills and resource gaps for key roles in areas such as systems integration, programme leadership, digital and commercial capability. NS&I told us that recruitment challenges and headcount constraints have meant NS&I has relied on secondees and consultants appointed through fixed-term contracts. By March 2025, NS&I had spent over £43 million on external consultancy contracts and legal advice for the Programme.¹⁶

3.11 Following NS&I's reset decision, it has taken some steps to strengthen the Programme's leadership. It recruited a Delivery Director and retained a Commercial Director from the Cabinet Office and the Government Commercial Function. NS&I also views the recent appointment of its systems integrator, Capgemini, as an opportunity to upskill and transfer knowledge to permanent NS&I staff for when it brings systems integration in-house in the future.

3.12 Good practice suggests that major programmes should have a clear plan for the capacity and skills needed, which considers the level of external support required. Our 2023 report *Managing government borrowing*, recommended that NS&I implement a plan for internal skills and capacity, and clearly link this to how it manages major projects and to its plan for contract management as it moves away from a single-provider model.¹⁷ Similar recommendations have been made in other reviews of the Programme. NS&I has taken some steps to boost capacity in the short term, but it has not assessed the gap between its current capabilities and future requirements and does not have an approved skills or workforce strategy for the Programme. NS&I has finalised a resource management strategy, and is monitoring the number of staff working on the Programme until 2028, but recognises that further progress in making this operational will be difficult until it agrees an integrated delivery plan.

¹⁶ Includes VAT. Does not include amounts paid to Capgemini, who were not appointed until May 2025.

¹⁷ Comptroller and Auditor General, *Managing government borrowing*, Session 2022-23, HC 1658, National Audit Office, July 2023, available at: www.nao.org.uk/reports/managing-government-borrowing

Planning and governance

Developing a new approach and Programme plan

3.13 Digital change programmes need an overall plan and design for how a business can move from its current state to its changed state.¹⁸ NS&I set out a high-level vision of what the changed state would look like, and a four-stage approach based on the ordering of procurements (Figure 6). It did not have a realistic plan that set out the responsibilities, actions and milestones required from each supplier to transition services from Atos. The lack of detailed plans has made it difficult for NS&I to accurately track progress and measure the impact of risks.

3.14 In August 2024, NS&I commissioned PA Consulting to produce a recovery plan as part of the Programme reset, to set out a roadmap for resolving end-to-end design issues and to produce an integrated plan by the end of August 2025. NS&I is moving away from its original approach, which focused on delivering individual procurement packages. It is now adopting an incremental 'phased management approach' that aims to transition services from Atos in eight phases. NS&I considers that its phased delivery approach is widely accepted as best practice to manage delivery in a complex and uncertain environment, but recognises that on its own it will not solve the Programme's problems. Our reports on *Agile* show that adopting an incremental approach does not automatically solve a programme's problems.¹⁹

3.15 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. Capgemini was due to create a detailed integrated plan by the end of August 2025. NS&I told us that its plan for the first three releases was substantially complete on time but that some work was delayed to September. It told us that a more detailed plan would be produced by mid-October 2025, with quarterly updates. The plan has not yet been agreed by the Programme's board, suppliers or HM Treasury, and we have not reviewed it. There is only limited detail about what the release phases involve. This means that NS&I does not have a complete, detailed and agreed integrated plan (**Figure 10**).

3.16 NS&I continues to view the Programme end date as the date when its contract with Atos ends. In December 2024, NS&I extended the Atos contract to March 2028, making this, in effect, a hard deadline to either complete the Programme or agree a new extension. For the Programme to be successful, NS&I will need the buy-in of all its customers, suppliers, government partners and other stakeholders, and it cannot yet demonstrate that it has achieved this. NS&I does not yet have a clear approach to realising the benefits of the Programme or a definition of what a successful Programme will look like.

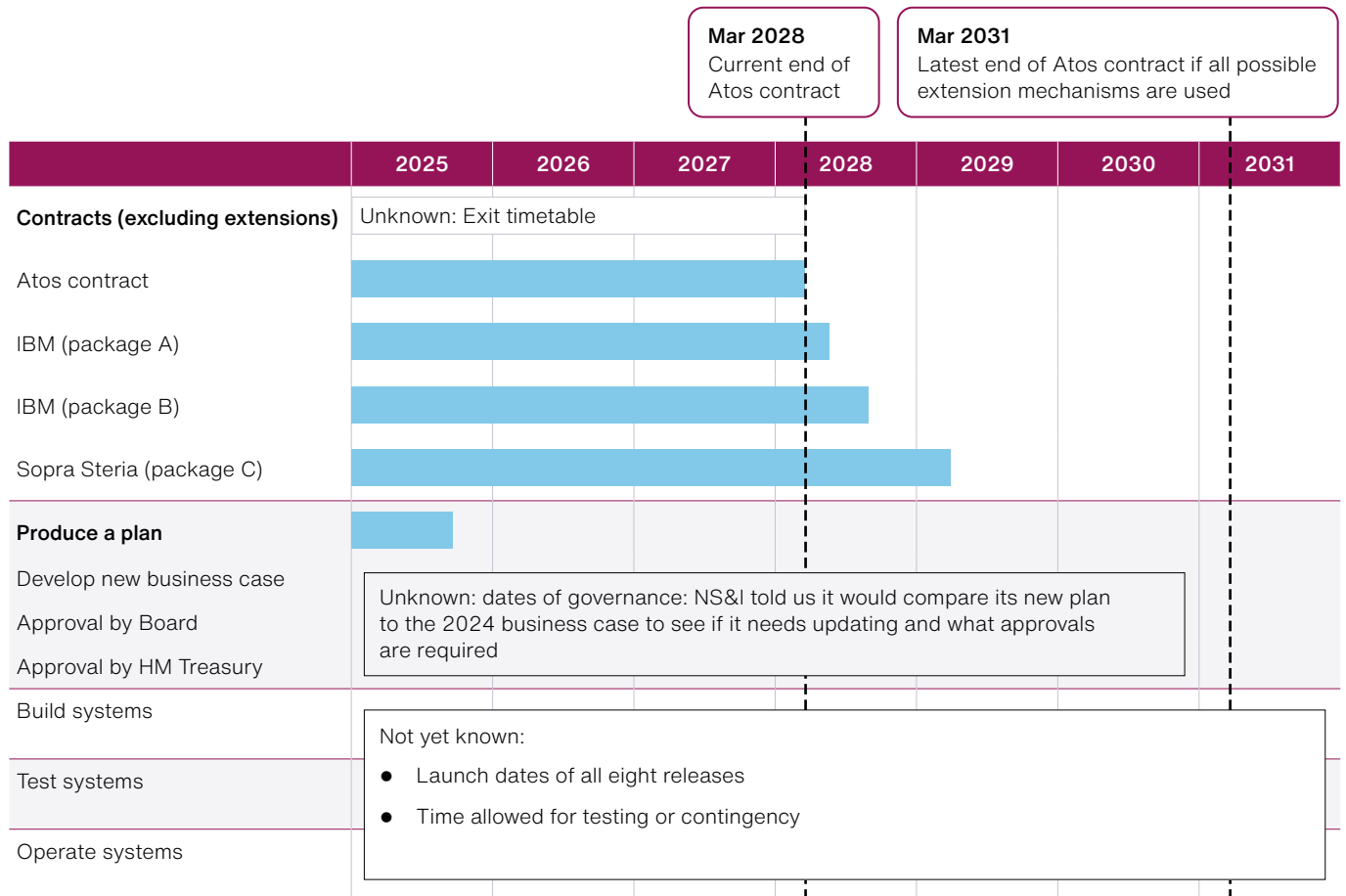
¹⁸ See footnote 9 (The challenges in implementing digital change).

¹⁹ See footnote 9 (The challenges in implementing digital change).

Figure 10

The National Savings & Investments' (NS&I's) Business Transformation Programme's (the Programme's) plan, 2025 to 2031, as at October 2025

NS&I does not have a complete, detailed and agreed integrated Programme plan



Notes

- 1 Reflects position as of October 2025. NS&I told us that its planning for the first three releases was substantially complete on time but that some work had been delayed to September.
- 2 Package A contract ends May 2028.
- 3 Package B contract ends August 2028.
- 4 Package C contract ends March 2029.
- 5 NS&I can extend the contracts for packages A, B and C further.

Source: National Audit Office analysis of National Savings & Investments' Business Transformation Programme information

Governance and oversight

3.17 Digital transformation programmes need effective governance mechanisms that hold management to account. Transparent and consistent performance monitoring arrangements, based on complete and accurate management information, are essential for keeping a programme on track and supporting effective decision-making.²⁰ The NS&I Board oversees the Programme, and the Programme Board drives the work. HM Treasury is represented on NS&I's Board and, alongside ongoing Programme monitoring, has given NS&I approval to proceed at multiple points, with conditions attached (Figure 9).

3.18 In September 2020, an IPA review highlighted weaknesses in governance, including responsibilities duplicated by the Programme Board and Executive Committee (ExCo), as well as overlap in membership of the two, generating the risk that ExCo members were not in a position to challenge the Programme effectively. In 2024, HM Treasury became more involved in the Programme. For example, in March 2024, HM Treasury appointed two new non-executive directors to the Board with experience in delivering transformation programmes. In its August 2024 'Gate 0' review, IPA noted similar concerns to its September 2020 review, and recommended that the SRO should review programme governance "and ensure clarity of responsibilities, appropriate delegations and clear channels for scrutiny and assurance."

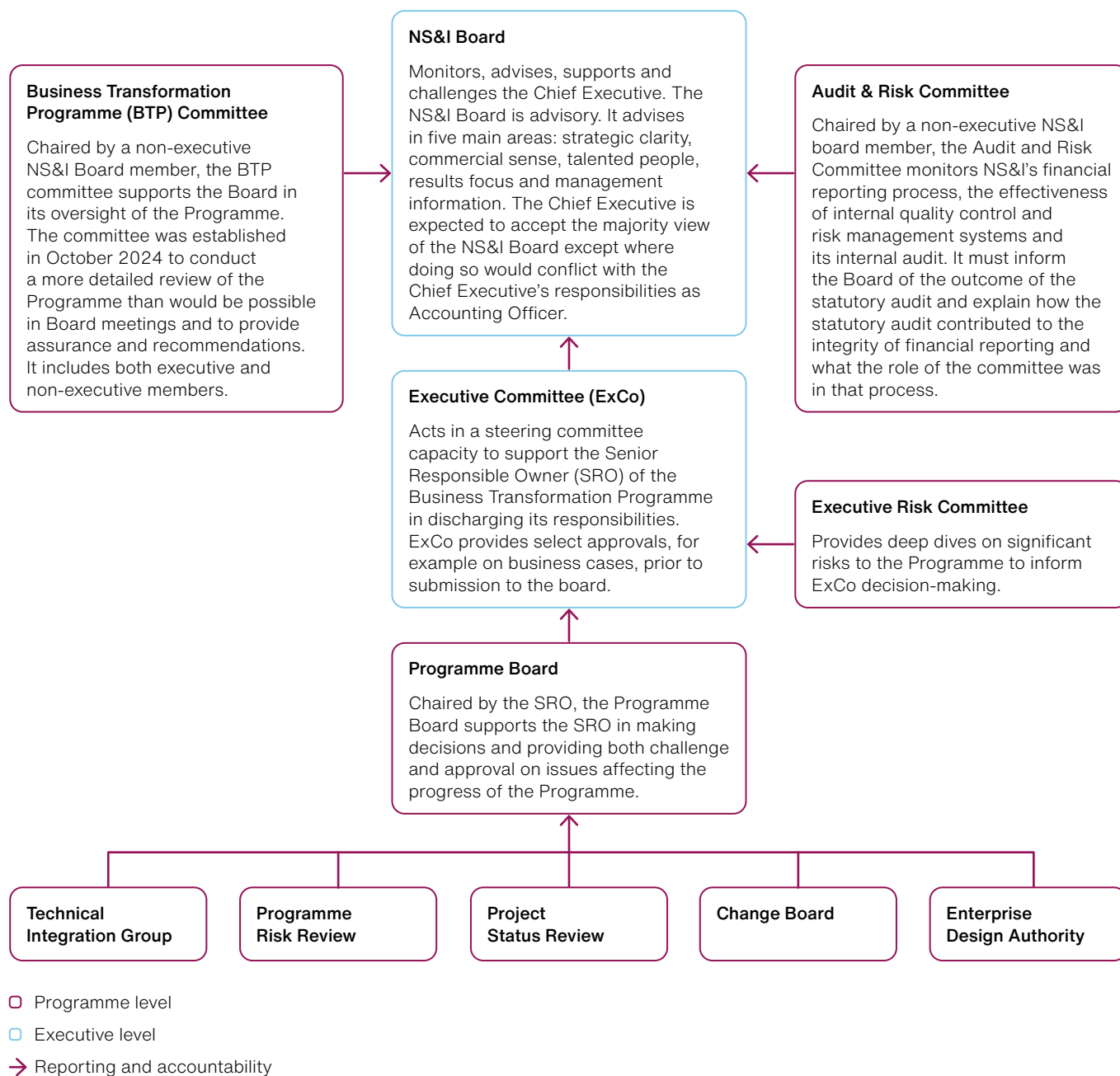
3.19 As the programme progressed, NS&I iteratively changed governance arrangements. In October 2024, NS&I introduced a sub-committee of the Board, the NS&I Board Business Transformation Programme (BTP) Committee, to the existing Programme governance structure (**Figure 11**). The new Committee's purpose is to "support the assurances to be provided to HM Treasury as a condition of funding." Also 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. From 2025, NS&I has introduced suppliers to the Programme Board, to strengthen Programme governance. HM Treasury has initiated other changes to Programme governance, with NS&I agreeing to enhance the role of the Audit and Risk Committee to monitor programme spend and report back to the Board.

²⁰ Comptroller and Auditor General, *Lessons learned from Major Programmes*, Session 2019–2021, HC 960, National Audit Office, November 2020, available at: www.nao.org.uk/insights/lessons-learned-from-major-programmes

Figure 11

Governance structure for National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme) as at August 2025

In 2024, NS&I added a Business Transformation Programme (BTP) Committee to the Programme governance structure, to provide additional scrutiny



Notes

- 1 Beneath these governance structures there are multiple project boards and working groups.
- 2 In January 2025, suppliers were introduced into the Programme Board.

Source: National Audit Office analysis of National Savings & Investment's Business Transformation Programme governance

3.20 HM Treasury approved the extension of Atos's contract in December 2024, but noted that the lack of a viable alternative was "suboptimal". Its approval was subject to conditions, including NS&I appointing a new systems integrator, developing financial and programme delivery plans by March 2025, managing costs within existing budgets, and enhancing reporting to HM Treasury. HM Treasury declined to approve a new attempt to procure procurement package D, and NS&I will need to submit a separate business case for this. 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.

3.21 Where new or amended governance is introduced to a programme, it is important that responsibilities, accountabilities and authorities are clear. There is a risk that additional governance arrangements and boards can confuse.²¹ While NS&I has recognised the need to improve its governance and management processes, it is still addressing recommendations from IPA to review them and to provide clarity as to where key decisions should be made. Stakeholders told us that there is some overlap and lack of clarity between the functions of some Boards, including the Audit and Risk Committee and the Transformation Sub-Committee. GIAA reports continue to indicate significant weaknesses in the framework of governance, risk management and control, and recommend further improvements to controls. NS&I plans to consider the optimal governance structure as part of the Programme recovery plan this year.

3.22 Stakeholders told us that there is a need to improve the management and programme information provided to Boards, which can be lengthy and uninformative. NS&I does not produce financial reports that align with overall budget areas, including the Programme, which makes it difficult for NS&I to monitor what is being spent and for what purpose. 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. HM Treasury had also previously provided access to reserve funding which was conditional upon improved reporting and delivery processes. NS&I told us that from May 2025, it recruited five additional finance staff to support the Programme, included one dedicated Programme Accountant who will be part of the Programme senior leadership.

3.23 NS&I is also undertaking work to improve its risk management processes and reporting. It has adopted a new risk management framework over the last year, and made changes to governance to ensure that Boards understand the principal risks to the Programme and that these are informing decision-making. NS&I recognises that individual teams and projects still need to fully implement the new framework, and that further changes to governance may be necessary to ensure that risk management and exposure is transparent. It also has plans to quantify risks against assumptions in the Full Business Case, but only once an integrated plan has been agreed and risk mitigations identified.

21 See footnote 11 (Governance and decision-making on mega-projects).

Managing commercial arrangements

3.24 Our report Government's approach to technology suppliers: addressing the challenges found that departments often enter into contracts for digital development work without sufficiently understanding the complexities posed by the existing environment.²² NS&I awarded the Programme's main contracts before the complexity and dependencies were understood. Its approach to procurement was siloed. This has led to protracted negotiations and some 86 change requests.²³ For some contracts awarded, NS&I did not have dedicated contract managers or contract management plans in place. The procurement packages are designed as independent services, which does not match NS&I's current plan to deliver technology in phases (paragraph 3.14).

3.25 A phased approach requires greater collaboration between suppliers, and NS&I has taken some steps to manage this. It is working to encourage more collaborative relationships with its suppliers, bringing them into the Programme governance and working together more to address solution gaps. In 2022, NS&I agreed a collaboration agreement with IBM and Sopra Steria, and Atos was added in 2025. Suppliers told us that this agreement helped to improve relationships. Collaboration between suppliers will not be fully tested until the Programme starts replacing the main systems and there is no date for when this will happen. NS&I told us that it has found that the two staff transfers and work on launching a new mobile app have significantly improved collaboration between its suppliers. NS&I will need to update and renegotiate contracts with suppliers to reflect the new release sequences when it has finalised its integrated plan, which may result in changes to overall contract spend.

3.26 A GIAA review in May 2025 found that NS&I lacked an effective contract management framework and had inconsistencies in how it managed contracts. In response, NS&I drafted a revised supplier and contract management framework in August 2025. NS&I recognises that it will need to become more of an 'intelligent client' to better understand suppliers and use commercial levers to meet the government's needs. NS&I will also need to continue to manage the Atos contract, and decide whether to extend it if the Programme is not complete by March 2028. As with any contract, there will be commercial risks to NS&I if Atos's financial position were to deteriorate (paragraph 2.17).

3.27 The long-term success of NS&I's approach will depend on it understanding the risk it should ask suppliers to manage. NS&I will soon need to replace the contracts it has awarded. Its first procurement strategy stated that it aimed to transfer many risks to suppliers. NS&I will need to decide whether it can obtain a more competitive process by changing the risk allocation in future procurements.

²² Comptroller and Auditor General, *Efficiency in government procurement of common goods and services*, Session 2024-25, HC 116, National Audit Office, July 2024, available at: www.nao.org.uk/reports/efficiency-in-government-procurement-of-common-goods-and-services

²³ NS&I does not have a complete register of all changes. This does not include an estimated 50 changes to the Atos contract.

Appendix One

Our audit approach

Our scope

1 This report examines National Savings & Investments' (NS&I's) Business Transformation Programme (the Programme). We produced this report following issues raised by organisations including the Committee of Public Accounts, whose report in March 2024 highlighted the significant delays to the Programme, and the Infrastructure and Projects Authority (IPA), whose annual report rated the programme 'red' in 2024. The report examines:

- the Programme's 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.

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.

Our evidence base

2 We reached our independent conclusions based on our analysis of evidence collected between May and October 2025.

Document review

3 We analysed a range of documents to understand the Programme's plan, approach, progress, and risks. To triangulate our findings we consulted with colleagues from our digital, commercial and major programme teams. This included:

- NS&I's Programme documentation and published information about the Programme, to understand the progress of the Programme (these documents included business cases, approvals, progress reports, governance documents, plans for the reset and risk registers);

- assurance reports about the Programme from the National Infrastructure and Service Transformation Authority (NISTA), its predecessor the IPA, and the Government Internal Audit Agency (GIAA), as well as reviews commissioned by NS&I from Gartner, to understand the main issues being raised by external commentators, how NS&I was responding and how the risk had changed over time; and
- previous NAO reports, including *The challenges in implementing digital change*, *Resetting major programmes*, and *Government's approach to technology suppliers: addressing the challenges*, to understand the key challenges that a programme of this nature would need to overcome.²⁴

4 We reviewed commercial information to understand what NS&I was trying to do, what approach it had taken, how the market had reacted, what had been agreed, how delays would impact cost, how NS&I planned to proceed, and the commercial risks. This included:

- the contract with Atos;
- commercial and procurement strategies;
- market engagement reports;
- reports from the procurements started and completed from the start of the programme to 2024;
- contracts awarded to IBM and Sopra Steria, the collaboration agreements, and contracts with NS&I's advisers;
- associated advice and reviews; and
- contract management plans.

Interviews

5 We conducted a series of semi-structured interviews, both face to face and online, between May and August 2025. We selected interviewees to represent the variety of organisations that have delivered, supported and reviewed the Programme to gather insights from a range of perspectives. We reviewed interview notes to inform our understanding of the Programme, identify emerging themes, triangulate information from our document review and inform further lines of enquiry.

²⁴ Comptroller and Auditor General, *The challenges in implementing digital change*, Session 2021-22, HC 575, National Audit Office, July 2021, available at: www.nao.org.uk/insights/the-challenges-in-implementing-digital-change; Comptroller and Auditor General, *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; and Comptroller and Auditor General, *Government's approach to technology suppliers: addressing the challenges*, Session 2024-25, HC 543, January 2025, available at: www.nao.org.uk/insights/governments-approach-to-technology-suppliers-addressing-the-challenges

6 We interviewed senior NS&I officials who have been involved in delivering the programme, as well as members of the NS&I Board. These interviews covered a range of topics, including the:

- history of the Programme;
- commercial strategy for the Programme;
- governance arrangements for the Programme;
- current cost estimates for the Programme;
- staffing, skills and capabilities to manage the Programme;
- reason for resetting the Programme and development of the recovery plan;
- current status of the procurement packages;
- Programme's approach to monitoring and managing risks; and
- NS&I's approach to evaluation and learning lessons.

7 We also interviewed officials from other government bodies that have been involved in the governance and review of the Programme, including HM Treasury, the Complex Transactions Team in Cabinet Office, GIAA, Government Digital Service and NISTA. We interviewed officials from the Court Funds Office (part of the Ministry of Justice), HM Revenue & Customs, and HM Treasury to understand the business-to-business services that NS&I provides.

8 We interviewed the main suppliers involved in the Programme:

- IBM and Sopra Steria, which were awarded contracts to deliver procurement packages for the Programme;
- Atos, which had its contract extended;
- Capgemini, which has been awarded the systems integrator contract, as well as its subcontractor Actica;
- PA Consulting, which had previously advised the Programme; and
- EY, who are acting as advisers to the Programme.

We also reviewed a written response to our interview questions by Gartner, which has reviewed the Programme at various points.

Financial analysis

Programme costs

9 To understand how Programme costs had changed over time, we wanted to analyse NS&I's latest estimate of whole life cost of the Programme, including amounts spent and estimates of future spend. We would expect programmes to have such an updated estimate, and for it to be consistent with the approved business cases and with NS&I's financial and management accounts. We discussed the data in the business cases with NS&I, who told us that the business cases included costs that it did not regard as part of the Programme, and that they would prefer to present costs in a different format from that used in the business cases. NS&I developed a re-presentation of the cost estimates in the business cases that distinguishes between the cost of building new systems, running new systems, the Atos contract and other costs. It also adjusts the time period of the 2024 estimate to be consistent with the 2020 estimate.

10 The results are set out in Figure 4. This analysis is presented in nominal terms. We have not audited the data in detail, but were able to reconcile the estimates to the information underlying each business case financial model or to NS&I's audited accounts. We have not assessed whether the presentation developed is consistent between the different business cases. The rest of this section sets out the key elements of NS&I's estimates.

11 The estimates in NS&I's 2020 Strategic Outline Business Case, 2020 Outline Business Case and 2023 Full Business Cases include costs from 2020-21 to 2030-31. The 2024 Full Business Case includes costs from 2021-22 to 2033-34. These estimates include amounts spent on the Atos contract (until March 2024 when it was expected to end). The 2023 and 2024 Full Business Cases distinguish between Programme costs, the cost of the Atos contract (which, at the time of those estimates, was expected to end in March 2025 and March 2028 respectively) and non-Programme costs. NS&I told us that the non-Programme costs relate to parts of NS&I that are not part of the Programme, such as head office costs. The available data do not allow us to be certain whether some or all of these costs were part of the original Programme cost figures in earlier business cases.

12 NS&I told us that the value of 'sunk costs' stated in the October 2024 Full Business Case should be revised, and provided an adjusted estimate (shown in Figure 4). The business case, and underlying financial model, state that sunk costs were £200 million for the three years 2021-22 to 2023-24, identical to the numbers in the 2023 business case. NS&I told us that the business case data for 2023-24 actually included costs up to October 2024, and that the spend in 2023-24 was actually £64 million. NS&I has not adjusted other figures from the 2024-25 business case; for example, it has assumed that the 2024-25 estimate does not need to be increased for any additional spend between 1 April 2024 and October 2024. We have compared the revised figures for actual spend from 2021-22 to 2023-24 to an extract from NS&I's accounting system, and they match, but we have not audited how these data were extracted. A reconciliation of the total shown in Figure 4 to the estimate in NS&I's 2024 business case is shown in **Figure 12**.

Contract spend

13 We analysed Programme latest estimates of contract spend and NS&I's accounts to understand the spend that has been incurred without delivery. This is set out in Figure 8. This analysis is an estimate, and it is not possible to identify with certainty what value can be obtained from work done to date. We have not audited these data.

14 We also reviewed Atos's published accounts to understand its financial restructuring in 2024. We did not audit these data and do not comment on Atos's future financial stability.

Figure 12

Reconciliation between National Savings & Investments' (NS&I's) 2024 Full Business Case and its revised estimate of total cost

NS&I has adjusted the estimate in its 2024 Full Business Case to be more comparable with the estimate from its 2020 Outline Business Case

Description	Total
	(£mn)
NS&I's original estimate of future cost (2024-25 to 2033-34) in its 2024 Full Business Case	2,846
Actual Programme delivery costs (2021-22 to 2023-24) ¹	111
Estimated whole life cost ²	2,957
Programme and non-Programme running costs and Atos contract costs (2020-21 to 2023-24) ³	595
Total costs (2020-21 to 2033-34)	3,552
Adjustment to exclude costs in the three years 2031-32 to 2033-34 ⁴	(600)
NS&I's revised October 2024 estimate of total cost (2020-21 to 2030-31)	2,952

Notes

- 1 Programme delivery costs include the cost of building the new systems provided by the Programme. In line with usual practice, the Full Business Case estimate of future costs excludes 'sunk costs' incurred between 2021-22 to 2023-24. Although the business case states that the amount spent by the Programme since 2021-22 was £200 million, NS&I told us that the correct amount was £111 million. It told us that the 2023-24 amount stated in the business case and underlying financial model was actually an estimate of costs incurred until October 2024, when the business case was prepared, rather than the actual amount spent to the end of 2023-24 as stated in the business case. We have agreed the revised amounts to reports from NS&I's accounting system but have not audited how these data were extracted. NS&I has not adjusted other years; for example, we have not audited whether the 2024-25 estimate needs to be increased to account for costs incurred between April and October 2024.
- 2 Apart from rounding differences, this subtotal agrees with the value reported by the Programme to the National Infrastructure & Service Transformation Authority (NISTA) Annual Report for 2024-25.
- 3 The business case includes an estimate of both Programme running costs (operating the systems being created for the Programme: these are in the business case, but NS&I told us they should not be considered part of the Programme's costs) and non-Programme running costs (such as the cost of NS&I's head office: these were also included in the business case and its underlying financial model), from 2024-25. Data on corresponding running costs since 2020-21 has been added to make a consistent estimate of total cost. The amount added is taken from NS&I's financial model and agrees with total spend (including capital expenditure but excluding depreciation) in NS&I's Annual Report and Accounts.
- 4 NS&I's Outline Business Case includes costs until 2030-31 but the 2024 Full Business Case includes costs to 2033-34. To make the time periods align, NS&I has excluded all expenditure after 2030-31. This makes the time periods comparable, but means the latest forecast includes fewer years of running costs than the 2020 estimate.
- 5 All figures exclude depreciation and include VAT paid by NS&I. Each number is in nominal terms and rounded to the nearest £1 million.
- 6 We have not audited these numbers.

Source: National Audit Office analysis of National Savings & Investments' financial data

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