

Sir Geoffrey Clifton-Brown MP,
Chair of the Public Accounts Committee,
House of Commons,
Committee Office,
London SW1A 0AA.

31 January 2025

Dear Sir Geoffrey,

NS&I business transformation programme – progress update

I am writing to the Public Accounts Committee to provide a progress update about NS&I's business transformation programme (formerly known as the Rainbow Programme).

This progress update is in line with the recommendations made by the Committee in its report *Managing government borrowing*, published on 19 February 2024 and is subsequent to the [Treasury Minute](#) provided to the Committee in April 2024 in response. We have waited to update the Committee until we secured approval of the revised Full Business Case and secured commercial agreements with our partners to deliver this – see below for details. This letter also complements NS&I's Accounting Officer Assessment summary, published on 31 January 2025. The Assessment provides further detail about the latest status of the business transformation programme and is available at this [link](#), and is attached.

Summary and background

NS&I's business transformation programme will see it switch from a single outsource provider (Atos) to a multi-provider model. It will ensure the future viability of the business to provide HM Treasury with a vital alternative source of cost-effective funding; respond to changing customer expectations; and resolve challenges with the operational resilience of our manual processes and aged technology.

Substantial progress has been made on the transformation programme since its inception in 2020. Core procurement packages have been awarded and suppliers are beginning to refine and develop their solutions and plan their delivery.

The procurement packages are as follows:

- **Digital Integration and Service Operations** (Procurement Package A) – the technical and operational centre of the multi-supplier business, as well as a central security monitoring service.
- **Digital Experience and Enablement** (PPB) – delivering digital customer services such as an NS&I app, website, etc.
- **Contact Centre and Operations** (PPC) – delivering direct customer interaction across phone, web chat, email, post, print, document management and letters.

- **Core Banking, Payments and Reporting (PPD)** – delivering modern banking software, payment capabilities and knowledge and insight solutions.
- **Business-to-business (B2B) services (PPE)** – a short-term bridging contract for delivery of services by NS&I for other government departments.

Programme challenges

We are seeking to modernise a 25-year operating model with single supplier delivery and bring together the modern solutions from our new partners, which all need to be connected and aligned. Decoupling and reintegrating 25 years of complex IT infrastructure has been more challenging than originally envisaged, which has meant that we needed to adapt our approach and reprofile some elements, including timescales.

The more challenges we face in unpicking our complex legacy systems, the more they underline why our decision to move to a new, modernised operating model, with multiple service delivery partners, is the right one to ensure that we have nimble, scalable and flexible systems that can deliver for our customers for many years to come.

Key issues such as contract award delays and the greater complexity of the end-to-end solution than originally envisaged has required us to make a change to our plan.

We are implementing a recovery plan, have re-negotiated elements of our business transformation timeline and re-forecast the cost over the ten-year life of the programme, as reflected in our Spending Review settlement for 2025-26, announced at the Autumn Budget. A new phased release approach has been adopted to deliver the new solutions across all packages, between now and Autumn 2028.

This approach will ensure a safe and managed transition of critical services and data from the incumbent. The decision to take this route was made after evaluation of a range of potential options against key criteria, including ensuring continuity of service for our customers, the speed of implementation, value for money and the risk of legal challenge.

A revised Full Business Case was approved by the Chief Secretary to the Treasury and the Economic Secretary to the Treasury on 20 December 2024.

As part of this approval, NS&I will meet a series of conditions focusing on cost control, delivery timescales and enhanced reporting into HM Treasury. These conditions are intended to provide HMT and Ministers with the assurances on the delivery of the programme.

While the revised Full Business Case has been approved, NS&I's future funding requirements for 2026-27 and subsequent years to progress the programme, will be scrutinised via Phase 2 of the Spending Review and meeting HM Treasury's conditions. Therefore, the information we are sharing covers 2025-26 and we will provide the full plan following completion of Phase 2 of the Spending Review.

The Cabinet Office and the Infrastructure and Projects Authority (IPA) have been part of the business case approvals process, and we remain fully engaged with the IPA as we work through the recovery plan. NS&I's Board is fully engaged with and supportive of the approach.

Latest progress

In December 2024, NS&I reached an agreement with Atos to deliver a modernised banking engine and to continue to run NS&I's core retail savings systems and processes, while NS&I complete the transition of customer-facing services to its new providers (IBM, Sopra Steria).

This agreement is based on contractual provisions within the original NS&I-Atos business process outsourcing agreement and will run until March 2028, a shorter term than originally envisaged which would have also seen Atos run the modernised banking engine through to March 2032, with an option to extend to March 2034. In parallel with the completion of the new agreement, NS&I will now run a procurement competition for a provider to run the new banking systems from the end of the Atos agreement for a multi-year period to be defined.

Sopra Steria was selected as the successful supplier for PPE, covering NS&I's business-to-business (B2B) services and a 3-year contract was signed in June 2023 for Sopra Steria to deliver these services between April 2024 and March 2027, while NS&I implemented the new multi-supplier model in its retail savings business. However, following the contract award, it became clear that the complexity of transitioning B2B services to Sopra Steria meant it would require a different solution to that contracted for, that would exceed the original costs and deadlines.

As a result, in March 2024 NS&I signed an agreement with Atos to continue to deliver B2B services until March 2025 to enable all parties to understand the impact of this unforeseen complexity. However, given the level of cost, risk and complexity required to continue with the transfer of B2B services, NS&I and Sopra Steria have now concluded that it is not feasible given the contract's short lifespan. It has therefore been mutually agreed to end the B2B service agreement with Sopra Steria.

In December 2024, NS&I secured HM Treasury and ministerial agreement to reach a settlement agreement with Sopra Steria and maintain B2B services with Atos. Following this, both were secured with Atos to continue to run B2B services through to 31 March 2027, with extension options until 31 March 2028.

In its original recommendations, the Committee highlighted the importance of drawing on lessons learned. We have addressed this within the now signed contract with Atos, which includes a jointly agreed plan for the banking engine transformation.

More broadly, the recovery plan will ensure we have strong collaboration between NS&I and our service delivery partners, to finalise our solution design and jointly create an aligned sequence of service implementation, with commitment to an integrated programme plan. Enhanced governance will track progress across the programme and ensure key deliverables are met in order to realise the expected benefits.

The Committee also recommended that NS&I set out how it is upskilling its workforce to deliver the transformation programme. By way of an update to our previous response, to support delivery of the transformation programme, NS&I has taken steps to increase the capacity and capability of the workforce with a blend of civil service employees and specialist external support. NS&I has updated its resourcing strategy and has conducted a review of resourcing across the programme and a number of capacity improvements have been made, including dedicated senior leadership and an ongoing focus on our strategic workforce plans.

2025-26 key delivery items

In 2025-26, NS&I will deliver the following key project milestones for its transformation programme:

- April 2025: 500–600 colleagues providing customer-facing and support services across telephone, web chat, email and social media channels will be transferred from Atos to Sopra Steria.

- Autumn 2025: this will be followed by the transfer of Atos back-office customer support services and 300–350 colleagues based in Chennai, India, to Sopra Steria.
- Autumn 2025: the transfer of NS&I's existing mobile app from Atos' systems to IBM's systems. This will create a core capability and enable future updates which will deliver full transactional services in future iterations.

The upcoming Spending Review will agree the funding allocation for NS&I in 2026-27 and subsequent years. This will enable us to finalise transformation programme delivery dates for these years and we will update the Committee on completion of this in July.

I hope this progress update is helpful. If you have any questions at this stage, please do not hesitate to get in touch.

We will also be sending a copy of this letter along with the Accounting Officer Assessment summary to the C&AG and Treasury Officer of Accounts.

Yours sincerely,



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NS&I

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