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NS
&I

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

13 January 2026

Dear Sir Geoffrey,

NS&I Business Transformation Programme

Thank you for the opportunity to give evidence to the Committee on 18 December regarding NS&I's Transformation Programme. I am writing in response to the requests the Committee made during the hearing.

Timescale to have an agreed way forward for delivery of the programme:

As part of the Programme 'reset' we have been working with our Systems Integrator partner (Capgemini) and our suppliers to develop a full integrated plan for delivery of all releases to the end of the programme.

As discussed with the Committee, that plan is currently forecast to complete outside the March 2028 target date and outside the agreed budget. We recognise the challenge this presents and are working on options to improve the cost and time of programme delivery, including what would be required to live within our Spending Review budget. The new options include reducing the need to connect our older legacy systems with our new services and new banking systems, and areas where we could reprioritise work.

Work is underway now to assess the potential risks, impacts and benefits of each option to inform our decision. This includes reviewing finances and dependencies for all options, and producing a draft business case for the preferred option, with the final decision on the delivery plan to be taken by Ministers. At the heart of this will be the need to ensure we maintain our current strong operational performance during delivery and, ultimately, protect the long-term sustainability of NS&I as a source of funding for government.

This options analysis is planned to conclude by the end of March 2026. We will update you on this as part of subsequent quarterly review point dashboards, which will also provide an opportunity to update on David Goldstone's work and his views on the Programme (as outlined in the letter from HM Treasury). We will then work through approvals alongside HM Treasury in the second quarter of 2026. When this work is complete (targeting the end of June 2026, but subject to HMT's approvals and processes) we will then be able to update the Committee on the revised plan and delivery timeline.

NS&I

Risk Management Framework

The NS&I Risk Management Framework (RMF) was revised in 2024 to ensure that the most material (principal) risks facing NS&I are governed by the Executive Risk Committee (ERC), with escalation to the Audit and Risk Committee and the Board. The RMF sets out the principles for a coherent and sound system of risk management, drawing on the HMT Orange Book, NAO best practice, Government Functional Standards, and, where appropriate, risk management approaches from the UK Financial Sector.

The RMF's purpose is to ensure risks are identified, assessed, and managed, and crucially that material exposures are framed so that vulnerabilities which may trigger risks are identified, with appropriate pre- and post-vulnerability mitigations in place to reduce both the likelihood and impact of risk crystallisation.

Throughout 2024 and 2025, the Transformation Programme has matured its approach to risk management, applying RMF principles to its Risk Management Strategy. Recognising the need for greater assurance and consistent reporting against plausible risk scenarios, a new transformation risk oversight group was formed in late 2025. This group, led by the Assistant Director (AD) for Risk and comprising the AD Finance, AD Programme (Programme Manager), and AD Commercial, ensures that all principal risks associated with the programme, or which the programme exposes the wider business to, are effectively managed and mitigated.

New risk reporting now identifies exposures against each part of the Full Business Case for the Transformation Programme, assuring comprehensive coverage from delivery, contracts and commercial arrangements, value for money, effective spend within budget, and the programme's ability to deliver its strategic goals and benefits. The group is supported by directed independent external assurance around all key programme milestones, with reports submitted through the ERC.

Since summer 2024, 2LOD oversight has been revised and enhanced through the ERC, replacing the former Risk Management Committee (RMC). The Transformation Risk Oversight Group and the introduction of independent external assurance have further strengthened governance and assurance. ServiceNow IRM is being rolled out to automate risk policy monitoring and reporting, supporting continuous improvement.

The RMF and its application to the Transformation Programme alongside strengthened governance is driving continuous improvement to ensure that risk management is embedded in programme delivery, with clear accountability, evidence-based assurance, and continuous improvement.

I enclose a copy of the NS&I Risk Management Framework (RMF), which is the foundation for all our risk management, including for the Transformation Programme.

With regards to the further two requests from the Committee on quarterly review points and David Goldstone, HM Treasury will be responding to these under separate cover.

Yours sincerely,

Dax Harkins
Chief Executive