National Savings and Investments

2026-27 Main Estimates Memorandum

Contents

1. Overview

1.1. Objectives

National Savings and Investments (NS&I) is both a government department and an Executive Agency of the Chancellor of the Exchequer. Founded in 1861, NS&I is one of the largest savings organisations in the United Kingdom.

In delivering our objectives, we want to inspire a stronger savings culture, and we believe everyone should have the opportunity to save confidently. To support the delivery of this vision, our purpose is set out below:

- Creating value through delivering cost-effective financing
- Providing services to Government
- Helping Government to deliver policy objectives

NS&I's vision and purpose is delivered through its corporate strategy- "Inspire & Invest." This strategy has three aims:

- Building a self-service digital business;
- Increasing efficiency;
- Building a nimble, scalable and flexible business.

Further information on NS&I's Vision, Purpose, and Strategic Aims is available on NS&I's website https://nsandi-corporate.com/about-nsi.

1.2. Spending controls

NS&I's net spending is broken down into four spending control totals. Parliamentary approval within the 2026-27 Main Estimate is sought in respect of RDEL, CDEL and Resource AME, with Capital AME not typically requiring a separate voted control.
These are set out blow:

- Resource Departmental Expenditure Limit (RDEL): A net limit comprising day-to-day running costs, less income from the leveraging of NS&I's core infrastructure and capabilities through its Business-to-Business activities. Gross RDEL expenditure is therefore offset by income.
- Capital Departmental Expenditure Limit (CDEL): Expenditure on capital investment, including IT equipment, plant and machinery, furniture and fittings, IT software and other intangible assets.
- Resource Annually Managed Expenditure (RAME): A limit covering less predictable current spending, such as revaluation losses, depreciation and amortisation or movements in provisions as they arise. During 2025-26, HM Treasury directed all departments to reallocate ringfenced depreciation, amortisation and other non-cash items from Resource DEL to Resource AME covering outturn from 2020-21 to 2024-25 and plans from 2025-26 to 2028-29. The reallocated amounts are included within the resource AME control totals.

- Capital Annually Managed Expenditure (CAME): A limit to cover less predictable capital-related spending. In NS&I's case, forecast dilapidation costs associated with properties on-boarded to the Government Property Agency (GPA).

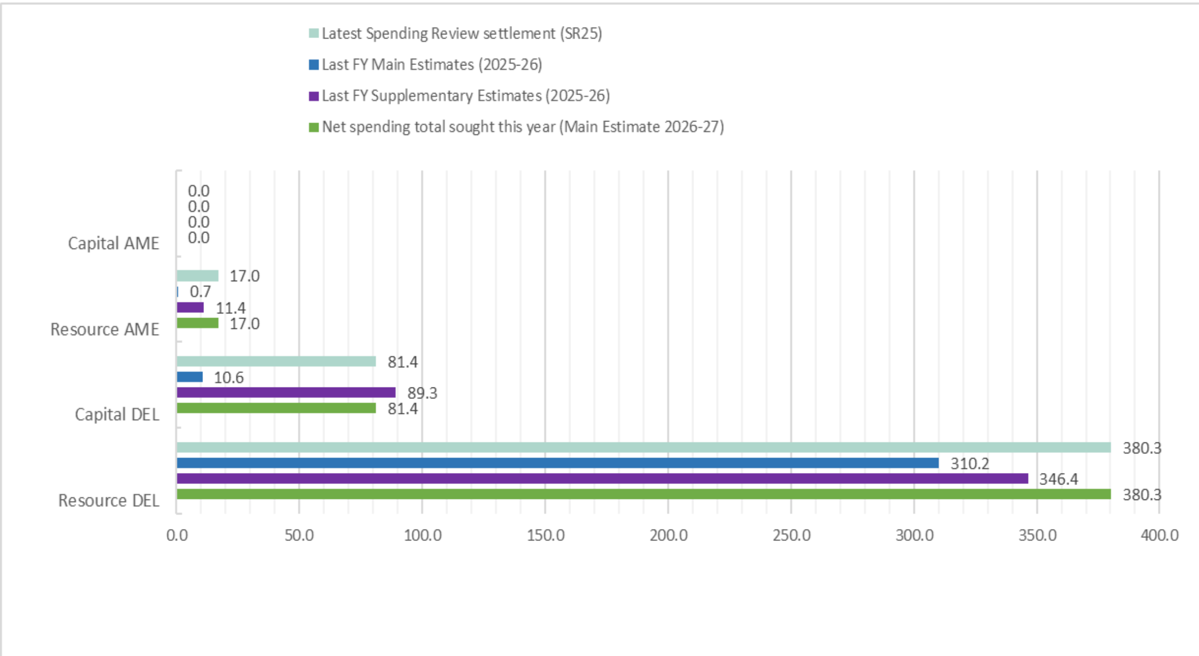
In addition, Parliament votes on a Net Cash Requirement, which covers the cash required to support the expenditure set out above during the financial year.

1.3. Comparison of net spending totals sought

The table below sets out how the net spending sought for NS&I under Main Estimate 2026-27 compares with the Supplementary Estimate for 2025-26, the original budget for financial year 2025-26 and the latest Spending Review settlement.

Amount sought this year		**Difference (+/-) compared to Supplementary Estimates**		**Difference (+/-) compared to the Original Budget**		**Difference (+/-), compared to Spending Review settlement**	
(Main Estimates 2026-27)		**(Supplementary Estimates 2025-26)**		**(Main Estimates 2025-26)**		**SR25 (Agreed Funding for 2026-27)**	
	£m	£m	%	£m	%	£m	%
Resource DEL	380.3	+33.9	+8.9	+70.1	+18.4	0.0	0.0
Capital DEL	81.4	-7.9	-9.7	+70.8	+87.0	0.0	0.0
Resource AME	17.0	+5.6	+33.2	+16.3	+95.9	0.0	0.0
Capital AME	-	-	-	-	-	-	-

NS&I budget comparison for the Main Estimate 2026-27



1.4. Key drivers of spending changes since Supplementary Estimates 2025-26

NS&I's Net Resource DEL requirement increased from £346.4 million in the 2025-26 Supplementary Estimate to £380.3 million in the 2026-27 Main Estimate, representing an increase of £33.9 million (8.9%).
This increase primarily reflects additional investment to support the continued delivery of NS&I's Transformation Programme. The funding will enable NS&I to sustain momentum and ensure the successful implementation of its strategic objectives.

1.5. Key drivers of change since the Spending Review

The Resource DEL and Capital DEL budgets for 2026-27 are consistent with those planned in the 2025 Spending Review.

1.6. Reserve claims and spending pressures

No reserve claims were sought in the 2026-27 Main Estimate.

1.7. Funding: other spending announcements

There have been no other spending announcements that impact the DEL funding agreed in the 2025 Spending Review Settlement (SR25)

1.8. New policies and programmes; ambit changes

New policies and programmes:

There are no new policies impacting the Main Estimate funding for 2026-27.

Ambit changes:

There are no changes to NS&I's ambit.

Departmental Expenditure Limit

Expenditure arising from:

Costs associated with delivering NS&I's operations and collaborative activities with external entities, such as administration, operational research and development, transformation initiatives, and other payments including those related to recovered losses. Additionally, this encompasses expenditure on capital items and non-cash transactions.

Income arising from:

Utilisation of NS&I's core infrastructure, capabilities, and related contractual agreements. This includes rental income, loss recovery payments, and proceeds from the sale of assets, which contribute to capital income.

Annually Managed Expenditure

Expenditure arising from:

Non-cash movements in provisions and changes to fair value of NS&I's properties.

1.9. Administration costs and efficiency plans

Administration costs:

NS&I's RDEL control total is classified as administration. Administration costs are projected to increase by 8.9% compared to the 2025-26 Supplementary Estimate. This reflects the funding requirement to support the continuation of the Transformation Programme.

Amounts sought this year		**Difference (+/-) compared to:**		**Difference (+/-) compared to:**		**Difference (+/-), compared to Spending Review settlement**	
(Main Estimates 2026-27)		**(Supplementary Estimates 2025-26)**		**(Main Estimates 2025-26)**		**SR25 (Agreed Funding for 2026-27)**	
	£m	**£m**	**%**	**£m**	**%**	**£m**	**%**
Administration costs	380.3	+33.9	+8.9	+70.1	+18.4	0.0	0.0

Efficiency plans:

In 2026-27, NS&I will deliver efficiencies primarily through reduction in discretionary spend and productivity improvements that support delivery of the Business Transformation Programme. These measures contribute to the Department's commitment to deliver at least 1% RDEL efficiency per annum.

Cashable Efficiencies:

- Consultancy spend reduction: material reduction in consultancy expenditure, primarily linked to the Business Transformation Programme, achieved through tapering external support and strengthening internal capability.
- Learning and Development (L&D) efficiencies: reduction in L&D expenditure through a more targeted, outcome-based and blended learning offer, while maintaining essential transformation skills.
- Staff conference rationalisation: savings from reducing the scale and frequency of staff conferences and increased use of virtual formats in line with Cabinet Office controls.
- Travel and subsistence controls: efficiencies delivered through tighter governance, advance booking, Director-level approvals and increased use of virtual meetings.
- Marketing insight and research efficiencies: reduced spend on ad-hoc research while retaining sufficient insight to inform pricing, service design and customer outcomes.

Non-Cashable / Productivity Efficiencies:

- Single Sign-On adoption: productivity improvements from reduced time spent accessing multiple corporate systems, freeing staff capacity for higher-value activity.

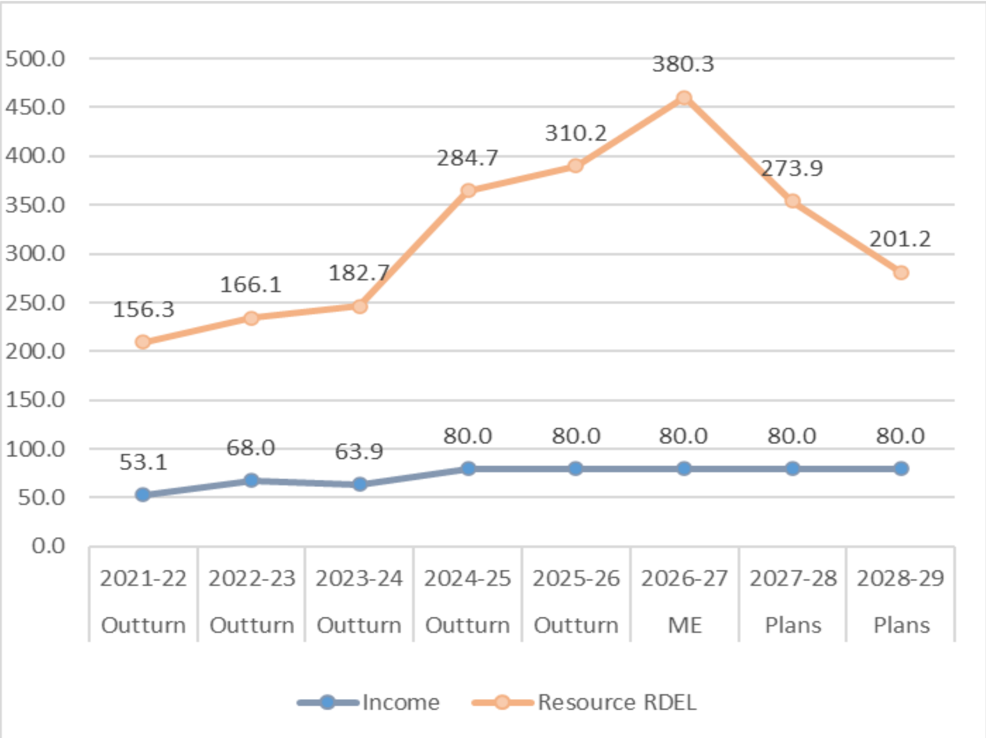
- Professional qualifications and skills uplift: targeted investment in professional qualifications to improve productivity, decision-making and reduce reliance on consultancy during transformation.

2026–27 represents a transition year for the Business Transformation Programme. The efficiencies delivered focus on cost control and enabling productivity improvements. More significant cashable efficiencies linked to core banking transformation, digital journeys and systems modernisation are expected to be realised in later years.

1.10. Spending trends

The charts below show overall spending Outturns and income trends for the last four years, plans presented in the Main Estimate (ME) 2026-27, and the future spending plans presented in the 2025 Spending Review.

NS&I's Resource DEL gross expenditure and income trends (£ million)

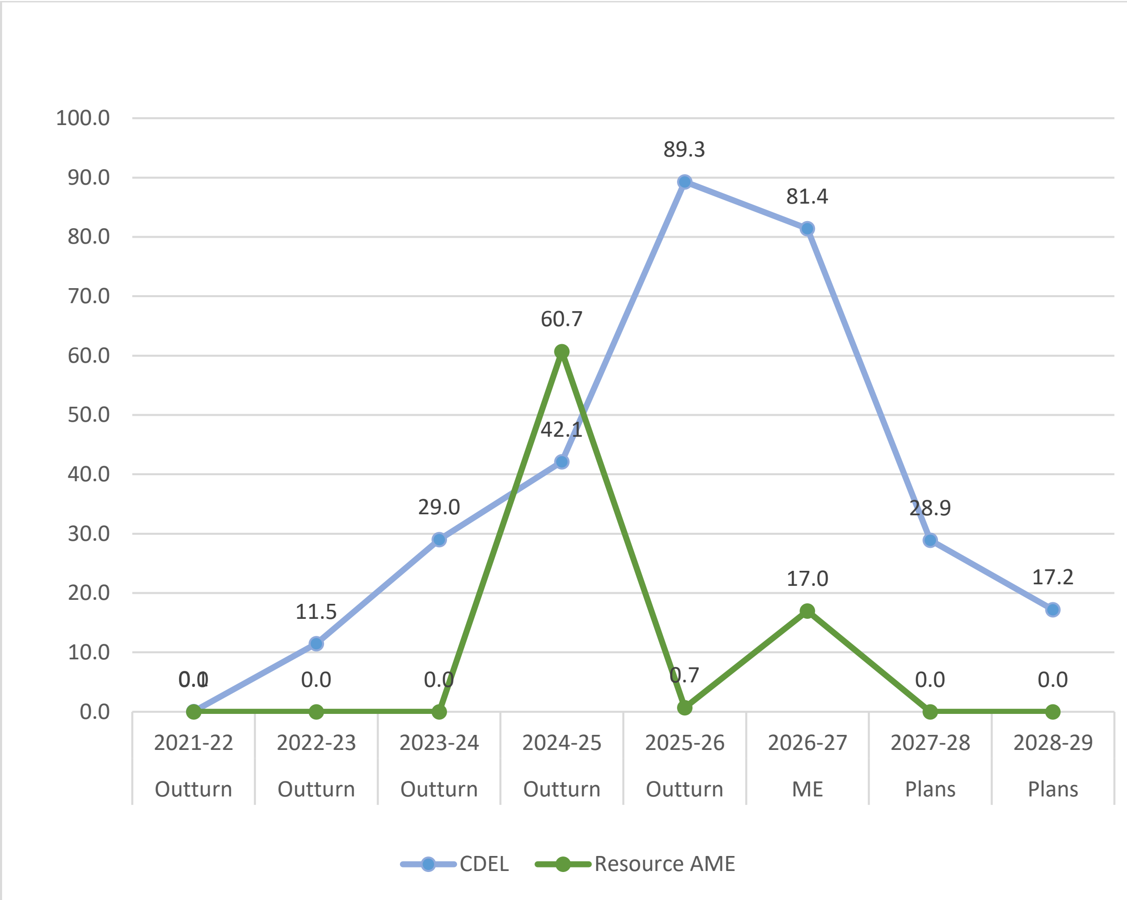


Resource DEL expenditure has increased steadily in the previous financial years to 2023-24, reflecting early investment in the procurement and mobilisation of outsourced business process services as part of the NS&I Business Transformation Programme. The upward trend accelerated in 2024-25 and is expected to peak at £380.3million in the 2026-27 Main Estimate, driven by the transition to full implementation and delivery phases of the Transformation Programme.

From 2027-28 onwards, planned Resource DEL, as set out in the SR25, is projected to decline to £201.2 million by 2028-29. This reflects the expected tapering of programme spend as the Transformation Programme moves beyond peak delivery into a more stable operational phase, with reduced implementation costs and fewer one-off expenditures.

Income has increased steadily over the years and as set out in SR25, remains broadly stable at around £80million through to 2028-29.

NS&I's Capital DEL gross expenditure and Resource AME (£ million)



Capital DEL requirements remained low in the earlier financial years but began to increase from 2022-23 as NS&I expanded its multi-supplier operating model. This upward trend continued, peaking at £89.3 million in the 2025-26 (outturn), before declining in the 2026-27 Main Estimate and subsequent plan years, reflecting transition into the Transformation Programme delivery phase.

Resource AME requirements have generally remained low over the period, with a notable increase to £60.7 million in 2024-25. This primarily reflects £60 million of budgetary cover for provisions.

2. Spending detail

2.1. Explanations of changes in spending

Resource DEL

The table below sets out the key movements between the 2026-27 Main Estimates and 2025-26 Supplementary Estimates -RDEL budgets.

Subhead	Description	Resource DEL				Is change significant?
		2026-27 (Main Estimates)	2025-26 (Supplementary Estimates)	Change from Supplementary Estimates		
		£ m		£ m	%	See note
A	Admin costs	477.3	437.0	+39.6	+8.3	1
	Gross expenditure	**477.0**	**437.0**	**+39.6**	**+8.3**	
A	Fees and charges from Business-to-Business services	-80.0	-80.0	0.0	0.0	
A	**Net expenditure**	**397.3**	**357.0**	**+39.6**	**+10.0**	

Note

1. Resource DEL has increased by £39.6 million for 2026-27 Main Estimate, reflecting costs associated with delivering and implementing the Business Transformation Programme and NS&I's core operational costs.

Capital DEL

The table below sets out the key movements between the 2026-27 Main Estimates and 2025-26 Supplementary Estimates -CDEL budgets

Subhead	Description	Capital DEL				Is change significant?
		2026-27 (Main Estimates)	2025-26 (Supplementary Estimates)	Change from Supplementary Estimates		
		£ m		£ m	%	See note
A	CDEL purchases	81.4	89.3	-7.9	-9.7	2
A	**Total voted and non-voted**	**81.4**	**89.3**	**-7.9**	**-9.7**	

Note

2. The decrease in Capital DEL reflects the planned transition of the Business Transformation Programme from the build phase into delivery and implementation, in line with the 2024 full business case.

Resource AME

The table below shows how NS&I's Main Estimate spending plans for Resource AME compare with 2025-26 Supplementary Estimate.

Subhead	Description	Resource AME				Is change significant?
		2026-27 (Main Estimates) (reallocated)	2025-26 (Supplementary Estimates) (reallocated)	Change from Supplementary Estimates		
		£ m		£ m	%	See note
A	AME	17.0	11.4	+5.6	+33.2	3
A	**Total voted and non-voted**	**17.0**	**11.4**	**+5.6**	**+33.2**	

Note

3. During 2025-26, ringfenced budgets were reallocated from RDEL to Resource AME. Of the £11.4 million reported in the Supplementary Estimate, £10.7 million relates to depreciation. Resource AME has increased by 33.2% (£5.6 million) compared to the 2025-26 Supplementary Estimate. Prior to the budget reallocation, Resource AME totalled 0.7million reflecting anticipated provisions expenditure.

2.2. Ring fenced budgets

Within NS&I's spending total for financial year 2026-27, £17.0 million is allocated to depreciation as ring-fenced budget. Savings on the ring-fenced budgets may not be used to fund pressures on other budgets.

Amount sought this year		Main Estimates	Difference (+/-), compared to Supplementary Estimates	
(Main Estimates 2026-27)		(Supplementary Estimates 2025-26)		
	£m	£m	£m	%
Depreciation	17.0	10.7	+6.3	+37.0

2.3. Changes to contingent liabilities

On 26 March 2026, the Minister for Pensions gave a statement to the House to notify it that NS&I had identified an issue affecting up to 37,500 bereavement claims with a total value of up to £476 million where the estates of deceased customers were not always repaid money from all of their NS&I accounts following a bereavement claim. Work is underway to quantify the associated financial impact. A reliable estimate is not yet available and accordingly, no changes to contingent liabilities are reported at this stage. NS&I will determine the appropriate accounting and disclosure treatment once the position is clearer.

3. Priorities and performance

3.1. How spending relates to objectives

All spending by NS&I falls under Administration, ensuring delivery on NS&I's objectives through this essential resource.

3.2. Measures of performance against each priority

The table below sets out NS&I's Service Delivery Measures:

Service Delivery Measures (2026-27)	**Targets**
Net Financing	£15 billion (+/-£4.0 billion)
Customer Satisfaction*	
Digital First*	
Efficient Administration of Funds*	
Government Payment Services performance delivery*	
Employee Engagement*	

*These targets are subject to ministerial agreement. The agreed targets will be published in NS&I's 2025-26 Annual Report and Accounts in summer 2026.

3.3. Major projects

NS&I currently has one major programme in its portfolio, the Business Transformation Programme. This programme focuses on separating NS&I's IT infrastructure, re-engineering the banking engine, automating processes to enhance modernisation and resilience, continuing the paper reduction strategy and increasing digitalisation, including tailored support for vulnerable and digitally excluded customers.

The programme has experienced significant delays in delivery and an increase in costs. NS&I is currently developing several costed options for the programme to identify a recommendation for submission to Ministers. NS&I will set out a clear view on what is deliverable within its Spending Review settlement alongside two further options: delivering the full scope of the Programme as quickly as possible; and also delivering along an elongated delivery timeline and aiming to minimise any increase to the Spending Review settlement. The options will also identify possible areas where scope could be reduced or delayed further. Each option will be costed with realistic plans, impacts, risks and contingency. This will form the basis of a revised Full Business Case in the second quarter of 2026-27, subject to HMT and Ministerial process timings.

4. Other information

4.1. Research & Development Expenditure

NS&I has no anticipated R&D spending under the Frascati definition.

4.2. Additional specific information required by the select committee

No additional information has been requested by the select committee in respect of this Memorandum.

5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website. The information in this Main Estimate Memorandum has been approved by me, as Departmental Accounting Officer.

Sir Jim Harra
Accounting Officer and Chief Executive

April 2026