National Savings & Investments
Riverside House
2a Southwark Bridge Road
London, SE1 9HA
nsandi.com
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NS&I

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

3rd September 2026

Dear Sir Geoffrey,

NS&I Business Transformation Programme – further update

In my letter of 14 July, I explained that following an analysis of five options for progressing the transformation programme, the NS&I Board's Business Transformation Programme Committee had endorsed a simplified solution that offered the best balance of costs, benefits and delivery confidence, and that Ministers had agreed we should produce a full business case for this option for appraisal by the Treasury Approval Process. Since my letter, we have completed the business case and submitted it to the Treasury. If approved by the Treasury Approval Process, it will then be submitted to Ministers in the autumn for their consideration. We will update the Committee again in due course.

In your Committee's report on NS&I's Transformation Programme, published on 13 February 2026, the Committee made recommendations to be responded to in six months, and I provide an update on these recommendations below.

1a. NS&I should stop trying to compress work to deliver the Programme by March 2028. It should prepare a realistic bottom-up integrated plan with a timetable and associated estimated costs and budget, to be reviewed by its non-executives, Mr Goldstone and the Treasury for realism.

1b. Within six months, NS&I should write to the Committee setting out the details of the integrated plan including timelines, and a revised estimated cost of the Programme.

Following endorsement of the simplified solution option, work has been underway to develop a bottom-up integrated plan covering scope, dependencies, delivery sequencing, resources, risks, timescales, costs and expected benefits. This work is intended to establish a realistic delivery timetable and revised cost baseline for the Programme and has informed the development of the full business case.

The integrated plan is currently being finalised and tested through detailed planning, assurance and governance activity so that we can mobilise quickly if the revised full business case is approved. It will be subject to review and challenge through NS&I governance arrangements, including engagement with non-executive directors and HM Treasury. Until this work is complete, the Programme continues to make progress with a limited set of prioritised activities on a "no regrets" basis to maintain momentum, reduce risk and inform future delivery decisions.

If approval is given to the business case by Ministers, and following completion of the integrated plan, NS&I will establish a revised approved baseline for delivery, including timetable, costs, benefits and success measures. NS&I will then provide the Committee with a further update setting out the integrated plan, revised delivery schedule and updated estimated programme costs, together with the governance arrangements being used to monitor delivery against that baseline. NS&I remains committed to ensuring that the Programme is delivered on a realistic, affordable and achievable basis, supported by robust planning, governance and independent challenge.

4. Within six months, NS&I should write to the Committee setting out its resource management strategy, including use of consultants, and how it will ensure that it manages consultants effectively. NS&I should also set out more clearly how it will manage suppliers and contracts, to manage risks in moving to the multi-supplier model.

NS&I's resource management strategy for the Business Transformation Programme provides a framework for forecasting, acquiring, allocating, developing and managing the resources required to deliver the Programme successfully. The strategy prioritises the use of permanent employees and Civil Servants wherever possible, with interim, professional services and consultancy resources used only where specialist expertise or short-term capacity is required.

Consultant and professional services engagements are governed through established procurement controls, contractual arrangements and programme governance processes. The strategy requires consultancy support to be outcome-focused, with defined deliverables, Statements of Work, quality criteria and ongoing oversight to ensure value for money and effective delivery. Resource utilisation, costs, recruitment activity and future demand are monitored through regular reporting to Programme Board and other governance forums, with the strategy subject to regular reviews to ensure it remains aligned to programme requirements.

In April 2025, NS&I implemented a new, transitional operating model for managing supplier performance and contracts. It is part of the scope of the Business Transformation Programme to implement further changes to deliver the future operating model. Additional contract management resources and training are being introduced alongside existing commercial oversight arrangements to enhance our ability to monitor supplier performance, contractual obligations, service quality, risks, issues and dependencies across the supplier landscape. Supplier managers ensure relationships are managed on an outcome-focused basis, with clear responsibilities, agreed performance measures and regular reviews to assess delivery against contractual commitments.

To manage the risks associated with moving to a multi-supplier model, as part of the transitional operating model, NS&I has established integrated governance, commercial and supplier management processes that provide visibility of cross-supplier dependencies, delivery risks and service continuity requirements. Risks are monitored through governance forums, where supplier performance, contract delivery, resilience arrangements and continuity planning are reviewed, enabling issues to be identified and addressed in a timely manner. During the transition, Capgemini is providing System Integrator capability and supporting the development of NS&I's internal service integration capability, while NS&I is recruiting to fill key roles, undertaking structured knowledge transfer and developing the in-house capability required to operate as an 'Intelligent Client' by go-live.

I hope that this further update is helpful to you and the Committee and, of course, if you have any questions, please do not hesitate to contact me.

Yours sincerely,

Sir Jim Harra
Interim Chief Executive, NS&I

jim.harra@nsandi.com

cc.
Comptroller and Auditor General
Permanent Secretary of HM Treasury