



# **NS&I Annual Report, Resource Accounts and Product Accounts 2021–22**



**National Savings and Investments  
Annual Report, Resource Accounts and Product Accounts 2021–22**

Resource Accounts presented to the House of Commons pursuant to section 6 (4) of the Government Resources and Accounts Act 2000.

Product Accounts presented to the House of Commons pursuant to section 7 (3) (c) of the Government Resources and Accounts Act 2000.

Annual Report presented to the House of Commons by Command of Her Majesty.

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This is part of a series of departmental publications which, along with the Main Estimates 2022–23 and the document Public Expenditure: Statistical Analyses 2022, present the Government’s outturn for 2021–22 and planned expenditure for 2022–23.



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# Who we are

**National Savings & Investments (NS&I) is one of the largest savings organisations in the UK with 25 million customers and more than £207 billion invested.**

**NS&I is both a government department and an Executive Agency of the Chancellor of the Exchequer. Our origins can be traced back more than 160 years to 1861.**

**When customers invest in NS&I products, they are lending to the Government. In return the Government pays interest or prizes for Premium Bonds. We offer 100% security on all deposits.**

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## Must reads

Chair's statement, pages 9 to 10

Chief Executive's overview, pages 11 to 16

Our performance in 2021–22, pages 17 to 19

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**This report is also available at [nsandi.com](https://nsandi.com)**

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## Accessibility Statement for National Savings and Investments (NS&I) Annual Report, Resource Accounts and Product Accounts 2021–22

**This is an accessibility statement from National Savings and Investments (NS&I)**

### Conformance status

The Web Content Accessibility Guidelines (WCAG) defines requirements for designers and developers to improve accessibility for disabled people. It defines three levels of conformance: Level A, Level AA, and Level AAA. The NS&I Annual Report, Resource Accounts and Product Accounts 2021–22 is partially conformant with WCAG 2.1 level AA. Partially conformant means that some parts of the content do not fully conform to the accessibility standard.

### Limitations and alternatives

Despite our best efforts to ensure accessibility of the NS&I Annual Report, Resource Accounts and Product Accounts 2021–22, there may be some limitations. Below is a description of known limitations and potential solutions. Please contact us if you observe an issue not listed below.

Known limitations for NS&I Annual Report, Resource Accounts and Product Accounts 2021–22:

- Body text throughout the document set at 10pt
- Footnotes throughout the document set at 7pt
- Navigation tabs at the side of the page set at 7pt
- Text in bar charts, graphs and pie charts set at 8pt
- Some graphs do not contain numerical results and are portrayed only by lines

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# 01

## Performance Report

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# Our strategy: Inspire & Invest

## At a glance

**25 million**  
customers

**100%**  
security backed  
by HM Treasury

**161 years**  
NS&I launched in 1861

## Our purpose

We want to inspire a stronger savings culture. We believe everyone should have the opportunity to save confidently.

## Our mission

- Providing cost-effective financing for government and the public good.
- Offering trusted savings and investments propositions.
- Delivering valued services for government.
- Supporting a fair and competitive market and balancing the interests of our savers, taxpayers and the market.

## Our values

### With our customers

#### Secure

100% security for savings, backed by HM Treasury. Our digital security is trustworthy. We protect our business.

#### Inspiring

Acting decisively and confidently for customers, working with pace to create value and inspiring them to secure their financial future.

#### Straightforward

Clear, everyday, understandable language. Products designed simply to meet our customers' needs, and easy-to-use services.

#### Reassuringly human

We listen to our customers, and understand and respond to their needs. We care for our customers, our environment and the public good.

### With our people

#### Secure

We are responsible and do the right thing. We deliver safely and take a balanced approach to innovation and risk.

#### Inspiring

We use fresh thinking for the public good. We have a willingness to learn quickly. Diversity, innovation and curiosity are welcomed.

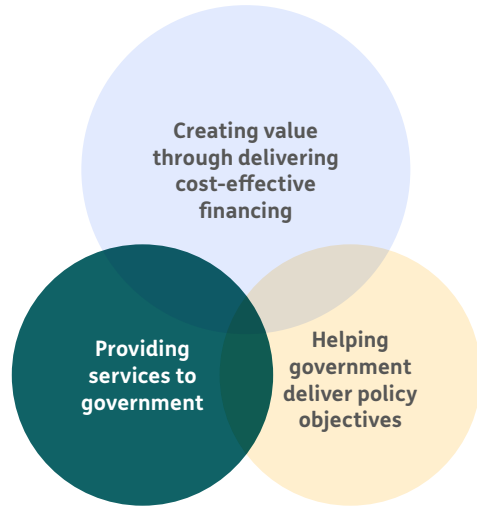
#### Straightforward

We have integrity and work together in straightforward ways. What we say matters. We are empowered by our leadership.

#### Reassuringly human

A small organisation with a big reach. We care for colleagues, respect one another, and invest in our people and manage their talent effectively.

**Our strategy, Inspire & Invest, is designed to help us achieve three related objectives. We have a joined-up approach to delivering these objectives, summarised in six cross-cutting strategic aims.**



**Our strategic aims**



**Delivering for government**

We raise public finances sustainably and efficiently, fully reflecting costs and risks. We build reliable and innovative services delivered at pace, which are valued by government. Delivering with us is a compelling choice.



**Delivering digital-first products and services for our customers**

Our customers are at the heart of our business. We support savers in securing their financial future with straightforward services, products, information, guidance and choices. We move quickly to adopt fintech-enabled services and solutions.



**Using our insight and policy expertise to meet our customers' needs**

We learn quickly and are passionate about insight. We make decisions confidently, grounded in knowing our customers and their savings needs. We put our data, insight, intelligence and fresh thinking to work for our customers and government partners, and to help government develop and deliver effective policy. Our savings policy expertise, services and products are relevant and inspire a stronger savings culture.



**Delivering efficiently**

We are alert, commercial and efficient. We work in partnership with supplier and government partners to create sustainable value. We are alive to our competitors and operate fairly in the market.



**Doing the right thing**

We are responsible and trustworthy, and we deliver safely, taking a balanced approach to innovation and risk. We will always be known for the highest standards of conduct. We are fair and honest and do the right thing. We aim to comply with Financial Conduct Authority (FCA) requirements where applicable on a voluntary basis and protect our business from threats and risks. We protect the interests of taxpayers.



**Being inspiring and empowered**

We care for colleagues, respect one another, and invest in our people and manage their talent efficiently. Diversity, curiosity and innovation are welcomed. We care for customers, our environment and the public good.



# Chair's statement

**I am pleased to reflect on a year of achievement for NS&I. While the COVID-19 pandemic has continued to present challenges for us all, 2021–22 has been a successful year and NS&I can look forward to 2022–23 with confidence as we build on strong foundations and transform our business.**

We have delivered against all three key elements of our Inspire & Invest strategy: raising cost-effective financing, providing services for government and helping government deliver policy objectives. 2021 was also NS&I's 160th anniversary, reminding us that our longevity – and our future – depends on the service that we deliver for government, customers and taxpayers. This year, we began to reshape our business to ensure that we continue this successful delivery for many years to come.

We met our core financial and customer service targets for the year. We delivered £4.4 billion of Net Financing, against a target of £6 billion (+/- £3 billion), and our customer service performance has been restored to a good standard, with a customer satisfaction figure of 84.8% for the year, against a target of at least 80%. This means that customer satisfaction with NS&I has been restored to its pre-pandemic level, which in 2019–20 was 84.6%.

This performance has been achieved at a time of considerable volatility in the financial markets. Given those uncertainties, it was pleasing that the incremental increases we made to NS&I's interest rates in the latter part of the year had the desired effect, ensuring that we met our Net Financing target and at the same time improving returns for savers.

However, this has been much more than a year of simply returning to 'business as usual'. In October 2021, we were proud to launch a world first in the retail savings market: Green Savings Bonds. The product, announced by the Chancellor of the Exchequer in the March 2021 Budget, is the world's first sovereign green savings bond for retail investors. It gives UK savers the opportunity to support government spending projects that will accelerate the transition to a low carbon economy, create green jobs and participate in the collective effort to tackle climate change.

This is an HM Treasury policy initiative – so sits outside our Net Financing target – and complemented the launch in September 2021 of Green Gilts, the other key element of the Government's Green Financing Framework.

We were also pleased to add to the number of services that we provide for other parts of government through NS&I Government Payment Services (GPS). In 2021–22, we supported the successful launch of HM Treasury's 2021 mortgage guarantee scheme, which enables more households to access the 95% Loan to Value (LTV) mortgage market without the need for prohibitively large deposits.



We have now made significant progress on the long-term transformation of NS&I. Our Rainbow Programme will see NS&I transition from a single Public Private Partnership to a multi-supplier operating model from 2024. This will ensure that we have a strong, resilient infrastructure and a flexible and scalable operation that can continue to serve savers and the Government for generations to come.

As is discussed in more detail in the Chief Executive's overview, one operational contract has now been awarded, and a new partner appointed; four more will be awarded over the coming two years. Alongside this large-scale procurement, there is significant work under way to streamline processes and ensure that we use the new operating model to improve the experience for our customers.

All of this was achieved in what remained a complex and uncertain working environment. Like other organisations, NS&I and our operational partner Atos followed the evolving public health guidance throughout the year. On behalf of the whole board, I thank our colleagues for their continued dedication and effort in this time.

There have been changes to the NS&I board during the year. My thanks and best wishes go to Christopher Fisher, who has retired after serving as a Non-executive Director since 2017, including chairing the Appointments and Remuneration Committee. We welcome Nina Hingorani-Crain to our board; Nina brings extensive financial services and regulatory experience to our diverse board. We were also pleased that Jill Lucas was reappointed as a Non-executive Director for a further three years from 1 February 2022.

Finally, a thank you to all my fellow board members, for their support, scrutiny and dedication throughout the year.



**Ed Anderson CBE**  
**Chair**  
**National Savings and Investments**

**i** For details of the board's composition, committees and activities, please see the Governance Statement on pages 38 to 48.

# Chief Executive's overview

**2021–22 has been a successful year for NS&I in which we achieved significant progress against our Inspire & Invest strategy. We also celebrated our 160th anniversary in 2021, together with the 65th anniversary of Premium Bonds. Our customer service performance has been restored to our normal high standards and we have made substantial progress on preparing the business for the next decade and beyond with the launch of our strategic transformation programme, Rainbow. We also launched, in partnership with HM Treasury, the world's first sovereign green savings bond for retail investors.**



## Meeting our Net Financing target

In 2021–22, we delivered £4.4 billion of Net Financing for the Government, meeting our target to deliver £6 billion (+/- £3 billion). Throughout the year, sales of our products were strong. However, outflows were also high. Like other organisations, NS&I found that consumer behaviour and decision-making, against the ongoing backdrop of the pandemic, was not following conventional patterns and therefore was challenging to predict.

## Increases to interest rates

After the first half of the year, our Net Financing performance was not on track to meet our target. From November 2021 onwards, we made a series of incremental increases to interest rates on some of our products. The changes were relatively small at each stage, in line with our operating framework to balance the interests of our savers and taxpayers and the stability of the broader financial services sector.

In November 2021, we increased the interest rate for Income Bonds to align it with our Direct Saver account. We then increased our interest rates across some of our variable rate products in December 2021 and February 2022 following increases to the Bank of England's base rate.

These interest rate increases helped us to achieve our 2021–22 Net Financing target. For 2022–23, our Net Financing target has been set at £6 billion (+/- £3 billion).

## Demonstrating our cost-effectiveness

Just as the retail savings market was hard to predict, so was the wholesale one. The Value Indicator measure compares how much it costs to raise funding via NS&I with raising the same amount via the sale of gilts. The Value Indicator target for 2021–22 was to deliver value better than minus £900 million.

The gilt markets fluctuated considerably throughout the year, and by the end of March 2022, we were able to report a positive Value Indicator figure of £38.3 million, meeting our target. For 2022–23, we will continue to track the Value Indicator but we will no longer use it as a formal Service Delivery Measure (SDM) as it is not an effective measure of the performance of the business, because outcome is largely driven by the cost of borrowing in the gilts market.

NS&I also measures the value we deliver through our efficiency ratio, which shows how much it costs us to manage each £100 of funds we hold. This year, the figure was 6.8p, compared with 7.0p in 2020–21. The completion of our Rainbow Programme will drive a further improvement in efficiency.

## High standards of service restored

Alongside financial performance, I am pleased to report that NS&I's customer service has been restored to normal levels after the challenges of 2020–21, and we also met our operational delivery target of at least 95% by achieving 97.36%. Having begun our operational recovery programme in autumn

## Net Financing



2020, many aspects of our service, such as call waiting times, were already back to normal by the start of this year. Although the pandemic continued to create practical challenges on all our sites, we were able to complete the recovery and clear all backlogs. I am very grateful to our partner Atos for the tremendous efforts of its staff, which have returned most of our service to the standards our customers expect.

### Innovating in the customer experience

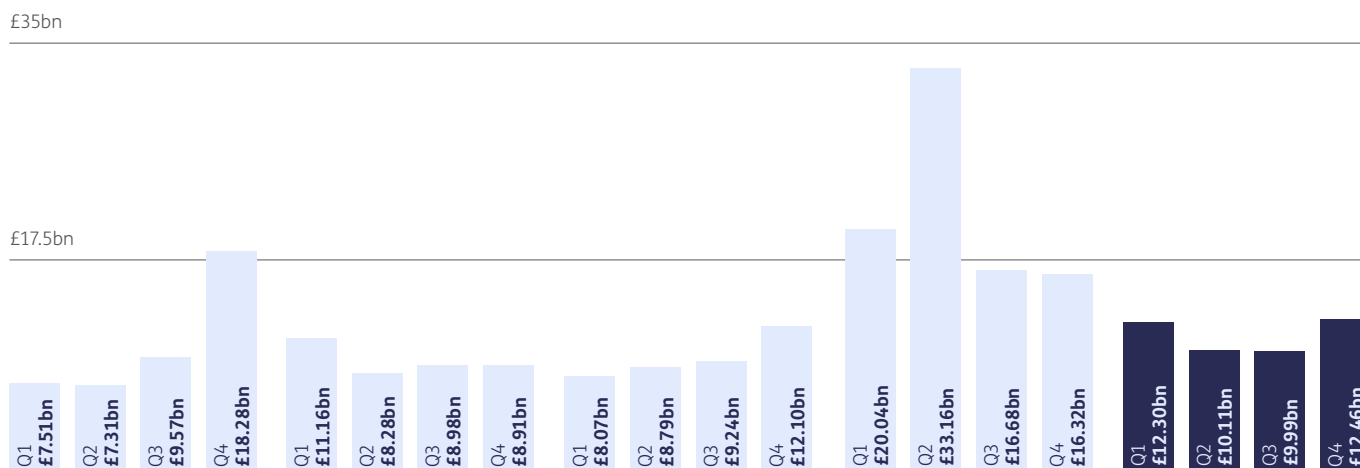
We also continued to invest in service improvements. In May 2021, we introduced a chatbot – or automated web chat facility – to offer an alternative way of solving many more straightforward customer queries. For example, it can help customers find documents and forms or check Premium Bonds prize draw information. As at 31 March 2022, the chatbot has handled more than

1.2 million interactions; more than 92% of these were fully resolved to customers' satisfaction, without needing human intervention.

We have also made progress on creating a fully transactional NS&I app for customers, which is going through extensive testing with a view to releasing it during 2022-23. We narrowly missed our Digital-first SDM achieving 82.6% against a target of 83%.

## Gross inflows to NS&I (£bn)

2017-18 total	2018-19 total	2019-20 total	2020-21 total	2021-22 total
<b>£42.67bn</b>	<b>£37.33bn</b>	<b>£38.20bn</b>	<b>£86.20bn</b>	<b>£44.86bn</b>



**Digital accessibility**

To support our commitment and focus on accessibility, in 2021–2022 we carried out a review of our digital accessibility maturity. This review (in partnership with pioneering accessibility charity AbilityNet) has empowered us to further embed accessibility into our design processes.

To further help support and drive an accessibility focused culture and working environment within NS&I we have established an Accessibility Champions Network. The Champions focus is on digital accessibility and inclusion – specifically working with colleagues and external partners to remove barriers for customers and colleagues using digital products and services.

**Responding promptly to complaints**

Although we have met the majority of our SDMs and other performance measures in relation to customer service, we did not meet our SDM target around complaints. This focuses on the ratio of the number of complaints upheld by the Financial Ombudsman Service (FOS) in favour of the complainant to the total number of complaints closed by NS&I in the same year. A sizeable share of the complaints that were escalated to the FOS related to aspects of NS&I's service in 2020–21. While it is clearly disappointing, the number of complaints received this

year has returned to pre-pandemic levels and we have resolved the majority of those within an average of five working days.

**A world first: Green Savings Bonds launched**

An undoubted highlight of the year was the launch of the first Issue, in October, of Green Savings Bonds. First announced by the Chancellor of the Exchequer in the March 2021 Budget, this gives UK savers the opportunity to support green projects chosen by the Government.

We worked closely with HM Treasury to develop the product, using our insight into the savings market to shape the product terms. Green Savings Bonds are purchased in the same way as other NS&I products and can be managed online as part of an individual NS&I portfolio. However, the product is not included within our Net Financing target as it is a specific policy measure.

Savers receive a fixed return on their investment. This was initially set at 0.65% per year over a three-year term. The rate reflected the fact that this is an emerging market, at a time of low interest rates. Our goal was to test the appeal of a green retail savings product offered by the Government and to balance the interests of savers and taxpayers, while avoiding disruption to the market.

**Highlights**



**£4.4 billion**

Net Financing delivered.



**6.8p**

For every £100 held with NS&I, 6.8p was spent on administration in 2021–22.

Transparency is crucial for customer confidence in the product. All money invested in Green Savings Bonds will be held in a general account by HM Treasury, which then intends to allocate an amount equivalent to the proceeds raised, to green projects, within two years.

The Government will publish full details about how the money is being spent, across six key areas: making transport cleaner; renewable energy over fossil fuels; preventing pollution; using energy in a more efficient way; protecting natural resources; and adapting to a changing climate.

These are set out in the UK Government Green Financing Framework, published in June 2021 and independently assessed by both Moody's, the investment analysts and ratings agency, and the Carbon Trust. The same framework is used for Green Gilts. The framework can be found here:

UK Government Green Financing - GOV.UK ([www.gov.uk](http://www.gov.uk))

We analysed the initial response from savers and used this to inform the interest rate that we set for a second Issue of Green Savings Bonds – at 1.30% – launched in February 2022.

We are proud to be part of this pioneering initiative, which provides vital funding for green projects that will tackle climate change and ultimately benefit us all.

Overall, Green Savings Bonds sales were £288 million, which is small compared with the £4.4 billion of Net Financing delivered by our core products.

This is an expanding market and, since we announced our product, there has been a significant increase in the number of green savings products offered by competitors.

**Accelerating our strategic transformation**

The year also saw substantial progress on Rainbow, our strategic transformation programme.

At its simplest, Rainbow involves us using the opportunity created by our outsourcing contract reaching an end, in 2024, to make a fundamental change and modernise our operating model. Instead of working with a single partner, we will move to a multi-supplier model, to make our operation more resilient and flexible. It will also mean that we can scale up more efficiently.

In spring 2021, we secured backing from HM Treasury for the transformation and this year began it in earnest. For tendering purposes, we have split our operation into five contract areas: Enterprise Architecture; Digital Integration and Service Operations; Digital Experience and Digital Enablement; Customer Contact and Operations; and Core Banking, Payments and Reporting. We will procure a lead partner for each area. The first partner was appointed in April 2021; Actica will take on the Enterprise Architecture contract.

**Highlights**



**47%**

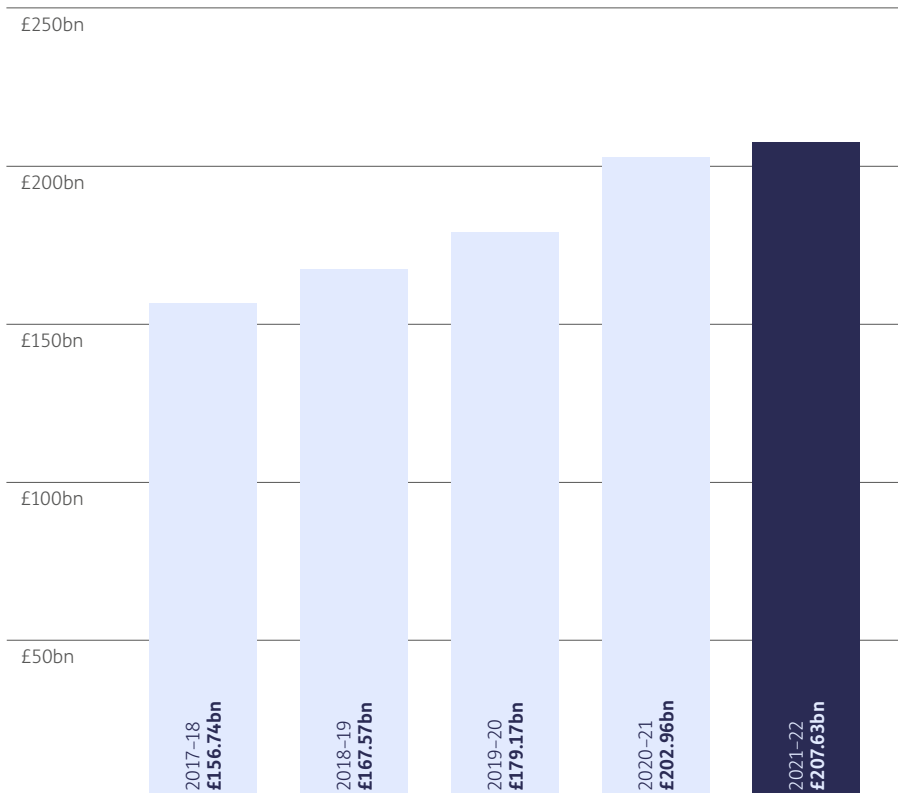
47% of purchases were made online during 2021-22.



**23 seconds**

Average call waiting times were 23 seconds in March 2022.

**Total amount invested by customers at the end of the year (£bn)**





In March 2022, IBM was awarded the first strategic procurement package – to deliver Digital Integration and Service Operations – which is designed to be the technical and operational centre of NS&I's future operating model. IBM will be designing and delivering the integration platform, the services to implement the required system interfaces and to undertake operational monitoring, management and maintenance of the system integrations. They will also be providing a central security monitoring service for the entirety of the future NS&I technology footprint.

We intend to have the other contracts signed by April 2023, to provide a full year of transition.

The new model requires NS&I to take responsibility for integrating the different suppliers, and we are strengthening our capacity for this. We are also reviewing ways of working and identifying opportunities to further streamline processes ahead of the new contracts. One of our goals is to enable better digital journeys for customers, enabling further self-service. This is crucial to increasing our operating efficiency as the business grows.

### **Business-to-business performance**

We continue to deliver a range of payment processing services to other parts of government through NS&I Government Payments Services (NS&I GPS), helping to reduce costs to taxpayers and improve the quality of service to customers. This year saw NS&I support the successful launch of HM Treasury's 2021 Mortgage Guarantee Scheme. We also agreed an extension to our contract for the delivery of Childcare Services.

We have met all key performance indicators across all of our business-to-business services, meaning that we achieved our SDM, but more importantly ensuring the smooth delivery of key services and financial benefits to millions of people.

### **Delivering under difficult circumstances**

As this review of the year shows, 2021–22 has been a year of substantial progress and achievement at NS&I – delivered against the backdrop of ongoing challenges and uncertainties caused by COVID-19 and, more recently, events in Ukraine.

It is therefore to the enormous credit of our people that we have been able to deliver as much as we have.

It is clear that the pressure on staff caused by our operational challenges last year and the recovery activities this year were factors in the drop in the level of staff engagement, as measured by the Civil Service People Survey. Recruiting and retaining staff have been difficult due to strong competition for talent. We have found it difficult to match the employment offers made by our competitors and this has negatively impacted morale. In 2021, our overall engagement score dropped from 66% to 61%. It is disappointing that for the second year in a row we did not meet our SDM for employee engagement, where our target is to be a high-performing department.

We are reviewing the findings closely to understand the other factors that also contributed to the decline in our score and we are taking positive steps to improve engagement. As part of a government initiative to rationalise office premises in London, we will be relocating our office in 2022 to a shared government building in Westminster. This will help reduce costs but will also offer additional facilities for staff. In the last quarter of the year, we began to trial our hybrid-working model, designed to blend the benefits of office working and in-person collaboration with the flexibility that many colleagues have told us they have benefited from through home working.

We continue to focus on ensuring that NS&I is an inclusive place to work. This year saw the launch of RISE – our new development programme for colleagues who identify as coming from an ethnic minority background. The programme aims to support colleagues in overcoming barriers and achieving their full potential.

We believe that visible diversity at senior management level is crucial. I was pleased that we achieved our ethnic diversity SDM this year; however, it was disappointing to again fall short on our gender balance in senior management SDM.

### **Trusted by government, trusted by customers**

An ongoing theme of the year has been our close work with HM Treasury – not only on the major initiatives outlined above, but also through the Spending Review. We were pleased with the outcome of the Review and welcome the clarity around our funding for the next three years. The agreement, like the investment in our Rainbow Programme, underlines the trust and confidence that the Government has in NS&I.

As NS&I celebrates its 160th birthday, we remain trusted by customers. The best illustration of this is Premium Bonds, which have now been on sale for 65 years. There is now over £119 billion invested in Premium Bonds. During the last five years alone, the number of Bonds included in each monthly prize draw has increased by almost 50 billion – reaffirming the continued relevance of the UK's favourite savings product. I am grateful for the trust our customers have placed in us and we have worked hard to rebuild it following the challenges we have faced.

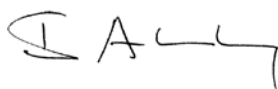
### The future

I have now led this business for just over five years, and the last two have been the most challenging – not just because of the impact of external events such as the COVID-19 pandemic, but because of the transformation of the business we are delivering through Rainbow – the biggest change to the operating model in over 20 years. In the last five years we have raised over £60 billion in Net Financing, delivered two policy products – Investment Guaranteed Growth Bonds and Green Savings Bonds – and expanded our business-to-business activities to include support for several other government initiatives, including Help to Save, Help to Buy and Childcare Services. We have 25 million customers and the total amount invested by those customers has increased from under £150 billion to approaching £210 billion.

2022–23 is the year when we will set the course for the future of the business. By the end of this year, we will have appointed our new delivery partners and will have begun the transition to our new operating model. I expect the external environment to remain challenging and we have a lot to do, both in running the existing business and building the future model. However, I am confident that we can achieve this and set the business on a clear path to a secure future which can inspire a stronger savings culture and deliver for government, taxpayers and customers.

I would like to take the opportunity to congratulate our Chair, Ed Anderson, on being awarded a CBE in the New Year Honours List 2022, for services to the financial sector and public life in Yorkshire. Ed has served as NS&I Chair since January 2017 and I am pleased to say that his contract has been extended to mid-2024.

Finally, I would like to thank Atos and all the staff of NS&I for their dedication and hard work, particularly over the last two years. Atos has played a key role in the success of NS&I for more than 10 years and will continue to play a valuable role through the remaining two years of the current contract. To my colleagues, the last two years have been tough, but we now have an exciting opportunity to determine the future success of NS&I.



**Ian Ackerley**  
**Chief Executive**  
**National Savings and Investments**  
22 June 2022



# Our performance in 2021–22

The table below shows our performance against our Service Delivery Measures (SDMs). We agree these with HM Treasury as part of our corporate planning process and measure our performance in relation to our overall objectives.

Service Delivery Measures	Description	2020–21	2021–22	2022–23
<b>1</b>	<b>Net Financing</b> <b>Goals and objectives</b> To raise an amount of Net Financing within an agreed range <b>Measure</b> Absolute amount of Net Financing from NS&I products	<b>Target</b> £35 billion (+/- £5 billion) <sup>1</sup>  <b>Performance</b> £23.8 billion ✗	<b>Target</b> £6 billion (+/- £3 billion)  <b>Performance</b> £4.4 billion ✓	<b>Target</b> £6 billion (+/- £3 billion)
<b>2</b>	<b>Value Indicator<sup>2</sup></b> <b>Goals and objectives</b> To deliver value to government when compared with equivalent wholesale funding costs <b>Measure</b> Absolute amount of value from NS&I products as calculated by the Value Indicator	<b>Target</b> The target was suspended in 2020–21 in response to exceptional market conditions	<b>Target</b> More positive than –£900 million  <b>Performance</b> £38.3 million ✓	<b>No longer an SDM<sup>3</sup></b>
<b>3</b>	<b>Operational Delivery</b> <b>Goals and objectives</b> To exceed the threshold level of both timeliness and accuracy <b>Measure</b> Average performance against contractual key performance indicators (KPIs)	<b>Target</b> At least 95%  <b>Performance</b> Not met <sup>4</sup> ✗	<b>Target</b> At least 95%  <b>Performance</b> 97.36% <sup>5</sup> ✓	<b>Target</b> At least 95%
<b>4</b>	<b>Customer satisfaction<sup>6</sup></b> <b>Goals and objectives</b> To exceed a threshold level of satisfaction with customer service and overall experience received from NS&I <b>Measure</b> Overall satisfaction with NS&I's service	<b>Target</b> At least 85%  <b>Performance</b> 76.90% ✗	<b>Target</b> At least 80%  <b>Performance</b> 84.80% <sup>7</sup> ✓	<b>Target</b> At least 84%

<sup>1</sup> NS&I's 2020–21 Net Financing target was initially set at £6 billion (+/- £3 billion) but was revised upwards in July 2020 to £35 billion (+/- £5 billion).

<sup>2</sup> For an explanation of how the Value Indicator is calculated, please see the Glossary.

<sup>3</sup> Following agreement with HM Treasury, the Value Indicator will be removed as a formal SDM for 2022–23, as it is not an effective performance measure. However, NS&I will continue to monitor the Value Indicator and report to HM Treasury as part of its scorecard. We are exploring alternative metrics to measure the value that NS&I delivers to taxpayers.

<sup>4</sup> Due to exceptional circumstances, a subset of the underlying key performance indicators (KPIs) for the Operational Delivery SDM were suspended, with no results reported. The remaining KPIs for this SDM achieved their targets, with overall performance at 99.3%.

<sup>5</sup> Due to the impact of COVID-19, the number of measures that make up the Operational Delivery SDM in 2021–22 differ from previous years. Additionally, the impact of COVID-19 meant that an alternative data source was used for five of the measures in May and June 2021. Due to this, operational delivery performance in 2021–22 should not be directly compared to previous or future years.

<sup>6</sup> Customer satisfaction is measured as the average level of satisfaction against the question 'Taking everything into account, how would you rate NS&I's customer service?' Customers are asked this after they have completed a transaction.

<sup>7</sup> Due to the method of calculation used for measuring the performance of the customer satisfaction SDM in 2021–22, the figure may not be directly comparable to the reporting of previous or future customer satisfaction SDMs. This is due to the calculation weighting and the fact that channel usage in 2021–22 is likely to be different as a result of the COVID-19 pandemic.

Performance Report  
Our performance in 2021–22

Service Delivery Measures	Description	2020–21	2021–22	2022–23
<b>5</b>	<p><b>Government Payment Services (GPS) delivery performance</b></p> <p><b>Goals and objectives</b> To achieve or exceed the minimum threshold level of meeting contractual performance indicators for our GPS clients covering timeliness, availability and accuracy</p> <p><b>Measure</b> Minimum 95% total of all key service levels achieved versus total contractual service levels, where service credits apply, across all GPS clients</p>	<p><b>Target</b> 95%</p> <p><b>Performance</b> 97.39% ✓</p>	<p><b>Target</b> 95%</p> <p><b>Performance</b> 95.18% ✓</p>	<p><b>Target</b> 95%</p>
<b>6</b>	<p><b>Net contribution to Departmental Expenditure Limit (DEL) from GPS</b></p> <p><b>Goals and objectives</b> To achieve or exceed the financial contribution target generated from GPS activity</p> <p><b>Measure</b> Minimum net contribution of £10.9 million</p>	<p><b>Target</b> £10.9 million</p> <p><b>Performance</b> £11.48 million ✓</p>	<p><b>Target</b> £10.9 million</p> <p><b>Performance</b> £11.84 million ✓</p>	<p>No longer an SDM<sup>8</sup></p>
<b>7</b>	<p><b>Digital-first</b></p> <p><b>Goals and objectives</b> To increase the number of transactions and customer communications made using digital channels (email, online and secure messaging) compared with the number of transactions and customer communications made using post and telephone</p> <p><b>Measure</b> Number of digital transactions divided by total number of transactions</p>	<p><b>Target</b> 68%</p> <p><b>Performance</b> 78.04% ✓</p>	<p><b>Target</b> 83%</p> <p><b>Performance</b> 82.6% ✗</p>	<p><b>Target</b> 85%</p>
<b>8</b>	<p><b>Efficient administration of funds</b></p> <p><b>Goals and objectives</b> To improve the efficiency of administering total funds</p> <p><b>Measure</b> Ratio of total NS&amp;I administrative costs that are funded by Resource DEL to average funds invested by customers</p>	<p><b>Target</b> Less than 7.25 basis points</p> <p><b>Performance</b> 7.00 basis points ✓</p>	<p><b>Target</b> Less than 7.25 basis points</p> <p><b>Performance</b> 6.77 basis points ✓</p>	<p><b>Target</b> Less than 7.20 basis points</p>
<b>9</b>	<p><b>Fraud management<sup>9</sup></b></p> <p><b>Goals and objectives</b> To minimise the cost of fraud</p> <p><b>Measure</b> The cost of fraud as a percentage of total average stock</p>	<p><b>Target</b> Below 0.001% of average funds invested by customers</p> <p><b>Performance</b> 0.0011% ✗</p>	<p><b>Target</b> Below 0.001% of average funds invested by customers</p> <p><b>Performance</b> 0.00027% ✓</p>	<p><b>Target</b> Below 0.001% of average funds invested by customers</p>

<sup>8</sup> Net contribution to Departmental Expenditure Limit (DEL) from GPS has been removed as an SDM for 2022–23, on the basis of the current pause on pursuing new B2B business.

<sup>9</sup> Under the outsourcing contract, which began on 1 April 2014, Atos, NS&I's operational services provider, is liable for any fraud losses that are incurred. The fraud losses borne by Atos in the financial year 2021–22 were £553,407. Compared on a like-for-like basis against 2020–21, net fraud losses in 2021–22 were 75% lower. In addition, the controls we have in place to combat fraud have resulted in attempts with a total value of £31,187,618 being prevented, up by £2,281,029 from prevented losses in 2020–21. The contractual arrangements with Atos have no impact on how customers are reimbursed in the event of a fraud. While recoveries may follow, the customer is not disadvantaged.

Service Delivery Measures	Description	2020–21	2021–22	2022–23
<b>10</b>	<p><b>Financial Ombudsman Service (FOS)</b></p> <p><b>Goals and objectives</b> To minimise the incidents where FOS intervention is justified</p> <p><b>Measure</b> The ratio of the number of complaints upheld by the FOS in favour of the complainant to the total number of complaints closed by NS&amp;I</p>	<p><b>Target</b> Less than 0.5% of total complaints raised found to be upheld against us by the FOS</p> <p><b>Performance</b> 0.23% ✓</p>	<p><b>Target</b> Less than 0.5% of total complaints raised found to be upheld against us by the FOS</p> <p><b>Performance</b> 1.64% ✗</p>	<p><b>Target</b> Less than 1.6% of total complaints raised found to be against NS&amp;I by FOS</p>
<b>11</b>	<p><b>Gender balance<sup>10</sup></b></p> <p><b>Goals and objectives</b> To embed diversity and inclusion at the heart of our business</p> <p><b>Measure</b> Achieving 50:50 gender balance in leadership (CEO, NS&amp;I bands 1–3), within a range of 40–60%, averaged over the financial year</p>	<p><b>Target</b> n/a</p> <p><b>Performance</b> n/a (new SDM for 2021–22)</p>	<p><b>Target</b> 50:50 gender balance in SCS + NS&amp;I bands 1–3, within a range of 40–60%</p> <p><b>Performance</b> 34.97% ✗</p>	<p><b>Target</b> 50:50 gender balance in SCS + NS&amp;I bands 1–3, within a range of 40–60%</p>
<b>12</b>	<p><b>Ethnic diversity<sup>10</sup></b></p> <p><b>Goals and objectives</b> To embed diversity and inclusion at the heart of our business</p> <p><b>Measure</b> The percentage of ethnic minority colleagues in SCS + NS&amp;I bands 1–3 averaged over the financial year</p>	<p><b>Target</b> n/a</p> <p><b>Performance</b> n/a (new SDM for 2021–22)</p>	<p><b>Target</b> To grow the proportion – by at least 1 percentage point – of ethnic minority colleagues in SCS + NS&amp;I bands 1–3 (a minimum of 12.5%)</p> <p><b>Performance</b> 13.56% ✓</p>	<p><b>Target</b> No less than 13% ethnic minority colleagues in SCS + NS&amp;I bands 1–3</p>
<b>13</b>	<p><b>Employee engagement</b></p> <p><b>Goals and objectives</b> To fulfil our Inspire &amp; Invest aim of being ‘Inspiring and Empowering’</p> <p><b>Measure</b> Level of employee engagement in the anonymous Civil Service employee survey, independently run and validated by the Cabinet Office</p>	<p><b>Target</b> NS&amp;I to be a high-performing department for employee engagement</p> <p><b>Performance</b> Not met ✗</p>	<p><b>Target</b> NS&amp;I to be a high-performing department for employee engagement</p> <p><b>Performance</b> Not met ✗</p>	<p><b>Target</b> NS&amp;I to be a high-performing department for employee engagement</p>

<sup>10</sup> NS&I calculates its gender balance SDM and ethnic diversity SDM using data from those colleagues who have chosen to declare their gender and ethnicity. Those who select ‘prefer not to say’ are excluded from these calculations.

# How we spent taxpayers' money

**The amount of money available to NS&I is determined by Parliament through the Supply Estimates procedure. We use the money allocated to us to deliver the retail products and customer service discussed throughout this report. Our operating costs include our internal costs and the payments made to Atos, our operational services partner, under a Public Private Partnership contract.**

As in previous years, we stayed within all the spending limits set by Parliament. In 2021–22 we spent £156.3 million (2020–21: £162.3 million), which is £8.0 million (2020–21: £5.6 million) lower than the amount allocated by Parliament in the 2021–22 Supplementary Estimate.

The 2021–22 Supplementary Estimate included additional ring-fenced controls for infrastructure investment and transformation activity. The original budget for the programme was £42 million;

however, this was reduced to £15 million. The revised budgetary requirement for 2021–22 included the re-profiling of the investment and transformation programme as agreed in the SR21 process. Future year budgets were adjusted to take account of the reduced requirement for resources in the current year.

The 2021–22 Supplementary Estimate also included an increase in budgets (£5.65 million) for the implementation of Green Savings Bonds. In the Spring Budget 2021, the Chancellor of the Exchequer

announced that NS&I would have the opportunity to support the Government's green focus by developing and delivering a new green retail savings product. The first Issue of Green Savings Bonds was launched in October 2021.

The table on page 21 provides a more detailed explanation of what we spent this year, compared with the Estimate.

**i For more details, see the full Statement of financial position on page 79.**

## Financial position

At 31 March 2022, NS&I's total assets less total liabilities were £38.8 million, £9.3 million lower than at 31 March 2021. The decrease is mainly due to non-current assets decreasing by £2.9 million from £69.8 million to £66.9 million. This was primarily due to depreciation being higher than investment for transformation activities. Total liabilities, excluding client funds, increased by £3.2 million. Current assets decreased by £3.2 million. For more details, see the full Statement of financial position on page 79.

### Payment of suppliers: policy and performance

We are committed to paying our suppliers in accordance with our prompt payment policy. We endeavour to pay all suppliers within

30 days of acceptance of the relevant goods and services, or receipt of a legitimate invoice if that is later. In 2021–22, we paid 99.8% (2020–21: 98.7%) of bills within this standard. Details of all expenditure over £25,000 can be found on our website, along with a list of all contracts with a value of more than £75,000, in line with government guidelines.

### Spending Review

The 2022–23 resourcing levels were agreed during the 2021 Spending Review. Resourcing levels include funding for the purposes of delivering the transformation of NS&I's outsourced services in the Rainbow Programme. The resourcing for the Rainbow Programme is ring-fenced and is subject to regular reporting to

HM Treasury Debt and Reserves Management (DRM) team through the NS&I board. The ring-fence includes both RDEL and CDEL. For 2022–23, RDEL ring-fence is £53.3 million and CDEL is £3.3 million. The ring-fenced amounts for the later years total over £178 million.

**i For more details, see the full Statement of financial position on page 79.**

### Comparison of outturn with Estimate<sup>(1)</sup>

	2021-22 Outturn £m	2021-22 Variance compared with Estimate £m	2020-21 Outturn £m	2020-21 Variance compared with Estimate £m
Net resource requirement	156.3	8.0	162.3	5.6
<i>of which:</i>				
Departmental Expenditure Limit (DEL) <sup>(2)</sup>	156.3	8.0	162.3	5.6
Annually Managed Expenditure (AME) <sup>(2)</sup>	0.0	2.3	0.0	3.3
Non-budget adjustments <sup>(3)</sup>	2.6	(2.6)	(13.2)	13.2
<b>Net operating cost (Accounts)</b>	<b>158.9</b>	<b>7.7</b>	<b>149.1</b>	<b>22.1</b>
Capital expenditure (CDEL)	0.1	0.6	0.0	0.7
Non-budget adjustments <sup>(3)</sup>	12.1	(12.1)	31.1	(31.1)
<b>Total capital expenditure (Accounts)</b>	<b>12.2</b>	<b>(11.5)</b>	<b>31.1</b>	<b>(30.4)</b>
<b>Net cash requirement</b>	<b>145.0</b>	<b>26.1</b>	<b>162.7</b>	<b>9.8</b>

More information on the use of our resources is contained in the Statement of Parliamentary Supply (SoPS) and the Accounts.

(1) Figures are presented here to the nearest £0.1 million. Note: SoPS1.1 on page 67 provides figures to the nearest £1,000 and provides details of the Estimate.

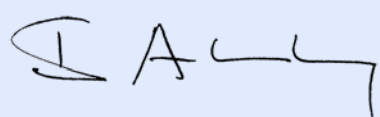
(2) See the Glossary on pages 118 to 121 for definitions of these terms.

(3) Non-budget adjustments reflect the different treatment of items between DELs set by Parliament and the Accounts, which are prepared in accordance with International Financial Reporting Standards.

### Difference between resource outturn and Estimate<sup>(1)</sup>

	2021-22 £m	2021-22 £m
Lower depreciation costs	2.2	
Lower staff costs	2.5	
Lower marketing costs	3.4	
Other differences	(0.1)	
<b>Total DEL underspend</b>		<b>8.0</b>
Lower requirements for provisions	2.3	
<b>Total AME underspend</b>		<b>2.3</b>
<b>Total underspend against Estimate</b>		<b>10.3</b>

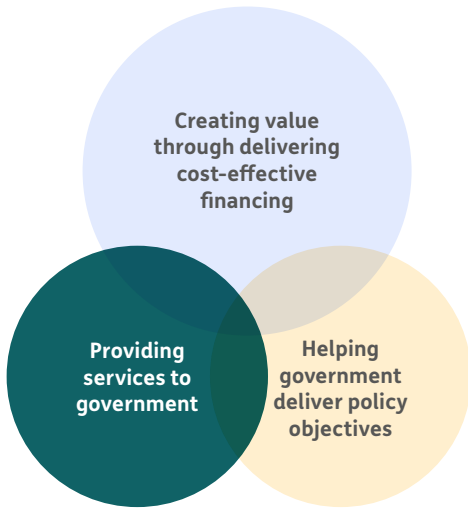
(1) Figures are presented here to the nearest £0.1 million. Note: SoPS1.1 on page 67 provides figures to the nearest £1,000.



**Ian Ackerley**  
Chief Executive  
National Savings and Investments  
22 June 2022

# Our strategy

Our strategy, Inspire & Invest, is designed to help us achieve three related objectives.



We have a joined-up approach to delivering these objectives, summarised in six cross-cutting strategic aims.

### Delivering for government

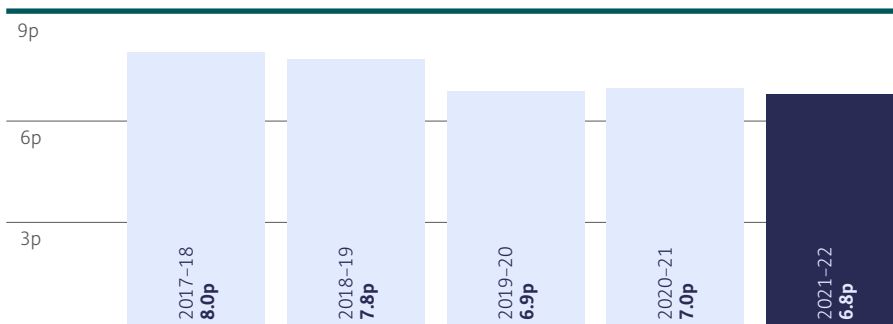
The primary way we deliver for government is by providing a reliable source of cost-effective financing. As set out in the Chief Executive’s overview, this year we delivered £4.4 billion of Net Financing and successfully provided services to government and supported broader government policy objectives.

### Delivering digital-first products and services for our customers

In line with changing consumer habits, we are continuing to enhance our digital sales and service channels. For example, almost 90% of Premium Bonds prizes are now paperless or digital. Like all of our newer products, Green Savings Bonds are available to buy online only – the minimal paper use reflecting its aim of offering a sustainable savings product. Across our whole product range, 47% of purchases were made online and 51% via electronic payment during 2021-22. During the year, we also made a number of updates to improve customer experience.

In 2021-22, we also achieved a significant milestone in our engagement with financial advisers. More than 1,000 advice firms in the UK have now registered to use NS&I’s online service, meaning that almost one in five firms have signed up. Launched in May 2019, the online service was designed and developed in response to feedback from advice firms and allows them to access information on their clients’ NS&I holdings quickly and easily.

### Efficiency ratio over five years<sup>(1)</sup>



(1) For every £100 of stock held, the administration cost was 6.8p.

## Highlights



**1.6 million**

1.6 million people have now downloaded the prize checker app.



**284,000**

As of June 2021, more than 284,000 people had signed up to Help to Save.



**100,000**

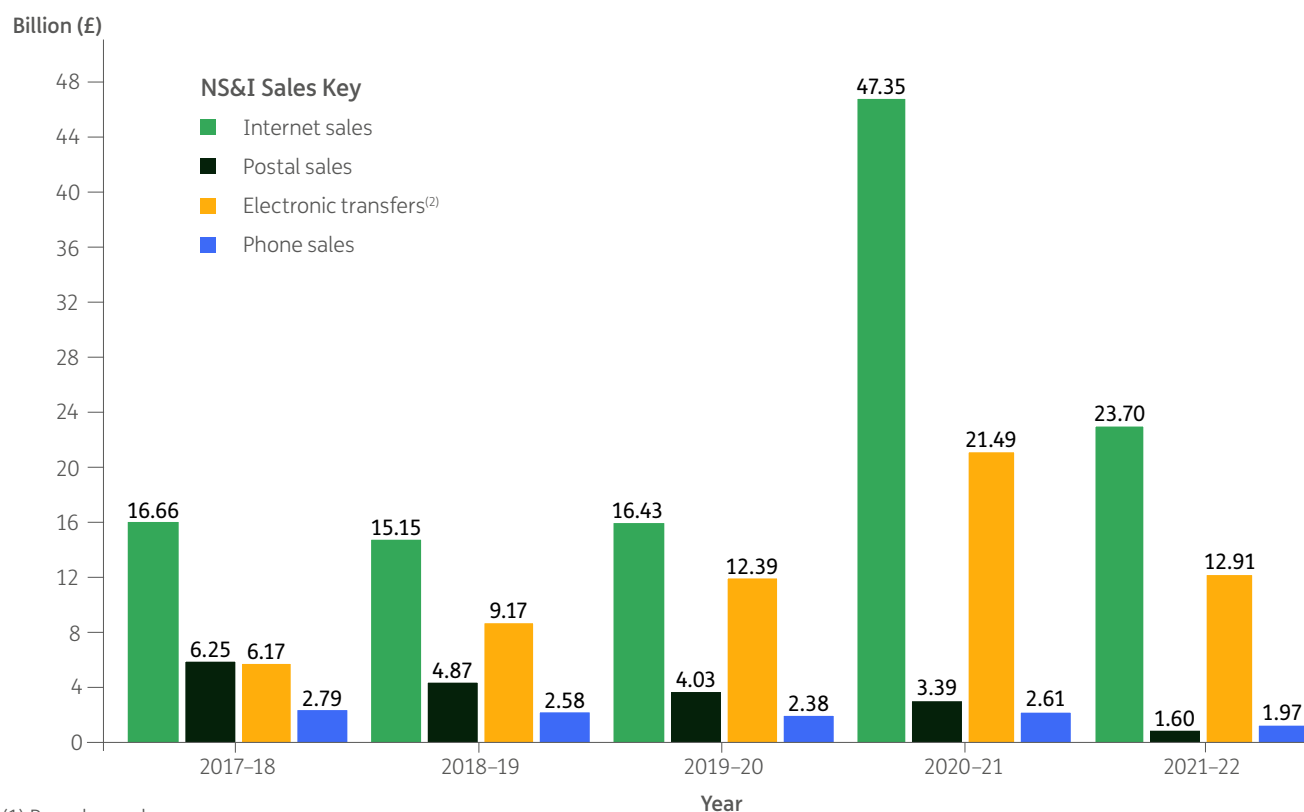
More than 100,000 under 16s joined NS&I in 2021-22

## Our product range

	Status (at 31 March 2022)	Tax-free	Fixed- rate	Monthly income	Manage online and by phone	Manage by post	Annual statement
Direct ISA	On sale	●			●		●
Direct Saver	On sale				●		●
Fixed Interest Savings Certificates <sup>(1)</sup>	Not currently on sale	●	●		●	●	●
Guaranteed Growth Bonds <sup>(1)</sup> (purchase online only)	Not currently on sale		●		●	●	●
Green Savings Bonds (purchase online only)	On sale		●		●		●
Guaranteed Income Bonds <sup>(1)</sup> (purchase online only)	Not currently on sale		●	●	●	●	●
Income Bonds	On sale			●	●	●	●
Index-linked Savings Certificates <sup>(1)</sup>	Not currently on sale	●			●	●	●
Investment Account	On sale				Holdings can be viewed online but no transactions can be carried out	●	●
Investment Guaranteed Growth Bonds (purchase online only)			●		●	●	●
Junior ISA (purchase online only)	On sale	●			●		●
Premium Bonds	On sale	●			●	●	

(1) Renewals at maturity still permitted.

## Sales performance by principal channels<sup>(1)</sup>



(1) Based on sales.

(2) This includes BACS, CHAPS and Faster Payments.



## Our strategy

In March 2022, NS&I announced that it would be introducing a new way of referring Premium Bonds £1 million jackpot winners to quality financial advice. This followed Matrix Capital successfully running the service for the previous eight years. From April 2022, we began offering Premium Bonds jackpot winners the option to seek financial advice from any Certified Financial Planner (CFPTM) or Chartered Financial Planner in the UK, giving them significantly more choice in terms of selecting the type of adviser that best meets their needs. The change also gives over 8,000 advisers the chance to help winners of the Premium Bonds jackpot.

### Using our insight and policy expertise to meet our customers' needs

As set out above, we worked in close collaboration with HM Treasury to help shape the Green Savings Bonds offer and product terms. We also worked alongside the Department for Business, Energy and Industrial Strategy (BEIS) to develop a broader understanding within government of the emerging green savings sector.

### Delivering efficiently

Despite the ongoing workplace restrictions caused by the COVID-19 pandemic – particularly in our back-office processing site in Chennai – we were able to increase the efficiency of our operations. In 2021–22, it cost us 6.8 pence to manage every £100 of stock we hold, compared with 7.0 pence in 2020–21. Our strategic transformation programme – Rainbow – will enable us to increase our efficiency still further, minimising the use of manual processes. In the meantime, we continue to seek efficiencies, for example by making it easier for customers to make payments online.

### Doing the right thing

For many years, we have supported our customers to track down lost savings accounts across all of our products through NS&I's own tracing service and My Lost Account. This year, we helped reunite savers with over £154 million.

As well as the reactive service – where people ask us to find lost accounts – we have taken proactive steps this year to try to track down some customers who may have moved address or changed their name. We worked with a consumer credit reporting agency to try to find new details, then sent letters to individuals we believed may have an account with us. The first 10,000 were sent in December; this resulted in more than 1,000 positive responses and reunited customers with almost 150 Premium Bonds prizes.

### Unclaimed assets

One outcome of this proactive work will be to reduce the volume of unclaimed assets held by NS&I. We define unclaimed assets as all holdings in closed products (which are held in the Residual Account) and holdings in open products with no customer financial transactions for a period of 15 years or more. In 2021–22, the total amount of unclaimed assets was £3,650 million, compared with £3,436 million in unclaimed assets in 2020–21.

### Being inspiring and empowered

As set out in the Chief Executive's overview, we achieved our SDM for improving ethnic diversity at senior management level but fell short on our target for gender balance. We:

- continued our support for the Civil Service-wide Crossing Thresholds career development programme for women
- launched RISE this year – a specific programme to mentor and support colleagues from minority ethnic backgrounds to achieve their aspirations and potential
- reaffirmed our long-standing commitment to roles outside London – 26% of NS&I staff are based in Lytham, Durham and Glasgow.

As shown above, we did not achieve our SDM for employee engagement. This is examined further in the Our People section below.

## Highlights



### 6.8p

We were able to maintain a highly efficient operation: it cost us less than seven pence to manage every £100 of stock we hold.



### £154 million

Reclaimed in 2021–22 through My Lost Account and our own tracing service.



We launched RISE – a development programme for colleagues who identify as coming from an ethnic minority background.



### Unclaimed assets

NS&I defines unclaimed assets as all holdings in closed products (which are held in the Residual Account) and holdings in open products with no customer financial transactions for a period of 15 years or more. Of the £3,650 million unclaimed assets in 2021–22, £1,261

million of customer holdings in Certificates and Accounts have other recorded contact with NS&I which has resulted in general changes in personal details across the customer's portfolio of products.

### Unclaimed assets

£m	Unclaimed assets 2020–21	Unclaimed assets 2021–22
Accounts	596	582
Certificates <sup>(1)</sup>	2,121	2,342
Income Bonds <sup>(2)</sup>	23	17
Unclaimed Premium Bonds prizes <sup>(3)</sup>	23	26
Residual Account <sup>(4)</sup>	673	683
<b>Total</b>	<b>3,436</b>	<b>3,650</b>

(1) Certificates (Savings Certificates) are used by many holders as long-term savings products. The majority of customers choose to renew their holdings at the end of their term and thus we would not expect customers to be in regular contact with NS&I.

(2) Customers of Income Bonds receive monthly interest payments. Therefore, for holdings to be classed as unclaimed assets, they must have been held for 15 years and postal communications must have been flagged as returned undelivered.

(3) Premium Bonds prizes unclaimed for 15 years.

(4) More details on the Residual Account are provided in the Product Accounts on pages 96 to 110 of this report.

# Our people

**Once again, the dominant theme of the year for our people was the ongoing impact of COVID-19. Colleagues continued to work positively and professionally in the face of evolving public health guidance about working from home. We added new technology and reinforced HR support, but recognise that the restrictions on face-to-face collaboration became a growing concern for many. The move to hybrid working, once restrictions were lifted, aims to address this.**

### Adapting working practices

Building on the measures introduced during the first lockdown, colleagues had access to suitable home working technology and a range of support, from practical guidance around balancing workload with domestic responsibilities, to direct wellbeing support through Mental Health First Aiders.

As public health guidance evolved in 2021, this enabled significantly more staff to work in our London office. We continued to deliver virtual events, such as Town Hall meetings and team meetings, and invested in new video technology to facilitate participation.

We also continued to work closely with our operational partner, Atos, to make sure that our operational staff were supported, with access to flexible working arrangements and practical support.

### Recognising the impact of restrictions

Despite the best efforts of colleagues, it is clear that the ongoing restrictions had an impact on engagement. The everyday interactions that occur in the workplace were not fully replicated in a virtual working environment.

Following the lifting of working from home restrictions in January 2022, we finalised our hybrid-working model, which we launched in March 2022. The model focuses on combining the advantages of working together face to face with the benefits of home working – such as additional flexibility and reduced commuting.

### Learning and development

Staff development continues to be a priority. The Rainbow Programme requires us to strengthen our capacity to insource our enterprise design capabilities and manage and integrate suppliers; this in turn will create opportunities for colleagues.

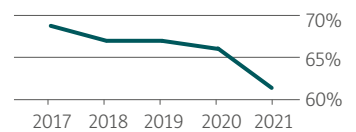
We continue to support the apprenticeship programme, which has become an important source of talent for the business. This year, we recruited four apprentices to roles in Human Resources, Communications, Commercial Procurement and Supply, and Marketing. We also support apprentices to consider roles within the business once they have completed their apprenticeship.

## Highlights



**61%**

Employee engagement score in 2020-21



● NS&I

## Our people

### Embedding diversity

We have set ourselves a strategic goal of embedding diversity and inclusion at the heart of our business. While this is clearly important at all levels, we have identified particular targets to achieve gender balance and improve ethnic diversity in senior management roles.

Meeting these targets on an ongoing basis requires us to develop talented people from all backgrounds. Recognising the different barriers faced to career development by people from minority ethnic backgrounds, we launched RISE this year – a specific programme to mentor and support colleagues from minority ethnic backgrounds to achieve their aspirations and potential. We also continue to participate in the Civil Service-wide Crossing Thresholds programme, which offers targeted support to women to progress their careers.

Although we are not required to do so by statute, we report on gender pay differences in NS&I as part of our Remuneration and staff report on page 62. We recognise that there is currently a gender pay gap and are taking action to reduce this.

The Remuneration and staff report also includes data on pay multiples, i.e. the relationship between the total remuneration of the highest-paid Director in the organisation and the median total remuneration of the organisation’s workforce. See page 54.

### Responding to a decrease in engagement

This year we did not meet our SDM for employee engagement, which is to achieve the ‘high performance’ benchmark in the Civil Service People Survey. Our overall engagement score was 61%, compared with 66% the previous year, and is the lowest for several years.

We are aware that some colleagues felt the pressure of workload and we saw some staff dissatisfaction related to pay. We are working with our staff group to build an action plan that identifies the key issues and agrees a series of steps we can take to increase employee satisfaction.

# Corporate social responsibility

**We have continued to progress our corporate social responsibility (CSR) strategy and, following the publication of the revised Greening Government Commitments in October 2021, we were able to add challenging targets to further reduce our impact on the environment by 2025. This section of our report covers the five themes of our CSR strategy as well as audited data about our environmental performance.**

## Environmental responsibility

After the exceptional circumstances of 2020–21, when we needed to operate additional sites to conform to social distancing rules, our carbon emissions and energy consumption returned to more normal levels this year. We also completed the move from our site in Blackpool to more modern, smaller premises in the neighbouring town of Lytham St Annes. Last year, we had operated the two sites alongside each other.

The Greening Government Commitments for 2016–20 required organisations to reduce greenhouse gas emissions by at least 32% compared with a 2009–10 baseline. By that stage, we had already achieved a reduction of more than 300% compared with that baseline, through changes to our estates and the use of renewable energy at our sites.

The new Greening Government Commitments published in October 2021 move the baseline year to 2017–18, but simply require ongoing reduction in greenhouse gas emissions. We hope to achieve a reduction across all sites, with a key initiative being the planned move of our London office to a government hub in central London. As part of the move, the office space will reduce by around 50%, as we adopt a hybrid-working model.

New and more specific targets have been set around travel and waste reduction, including reducing paper use. This has been a key focus for NS&I for several years. We have updated our CSR strategy to reflect the targets set and will continue to measure progress against them. We are working to understand how our move into a Government Property Agency managed building in London will affect our ability to obtain disaggregated data, in particular at the shared government hub, to report against our CSR targets.

Within the new Greening Government Commitments there is a requirement to report on Rural Proofing where it applies to an organisation. NS&I premises are not positioned in rural areas, nor do the estate’s operational policies affect rural affairs.

## Responsible business

The Rainbow Programme is one of the largest procurement exercises NS&I has ever conducted and we have built social value into the process. Bidders for any of the five major contracts will have to demonstrate their ethical and environmental qualities: essential criteria include commitments to pay staff a Living Wage and reduce gender pay gaps. Importantly, we are also focused on ensuring that the process itself is conducted

## Highlights



Maintained performance against key sustainability targets.

**ISO 14001**

Retained ISO 14001 accreditation for our environmental management system.

transparently and openly, with sufficient time for market engagement and preparation of tenders.

We retained ISO 14001 accreditation for our environmental management system and our accreditation as a Living Wage employer. 46% of our suppliers have made a Living Wage commitment, up from 29% last year.

We have sought to promote awareness of our CSR strategy within the organisation and used recent directorate meetings to encourage colleagues to consider how they can contribute to our goals in their own job roles.

The NS&I CSR strategy has a strategic theme engaging our employees and also engaging with the communities in which we work. This ensures that we inform our colleagues and provide opportunities for them to learn more about social and environmental impacts, as well as providing opportunities for them to 'give something back' to the community through volunteering opportunities.

### Sustainable procurement

NS&I has a strong commitment to Social Value in its procurement and commercial activities. This is driven by our strategic aim of 'Being inspiring and empowered', which aims to ensure NS&I "cares for customers, the environment and the public good"; and by our obligations under the Public Services (Social Value) Act.

For any strategic procurement activity, NS&I refers to the updated Social Value Model launched by the

Government Commercial Function and the Department for Digital, Culture, Media & Sport (DCMS) in 2020, which is linked to the UN Sustainable Development Goals. We also apply the procurement policy requirements of the Government's Net Zero Strategy in all relevant procurements, assessing the Net Zero strategies of potential suppliers and seeking Net Zero (or net-negative) carbon and GHG emissions commitments.

NS&I has been a Living Wage Employer, certified by the Living Wage Foundation, since 2018, which includes a commitment to pass the real Living Wage down our supply chain. Real Living Wage is included as a requirement or evaluation criterion in relevant procurements. Currently 25% of NS&I's suppliers are certified Living Wage Employers and a further 21% have made a contractual pledge to NS&I to pay it for at least the duration of their contract with NS&I.

NS&I was one of the first UK government agencies to voluntarily publish a Modern Slavery and Human Trafficking statement, which has been recognised as good practice, and we regularly audit the modern slavery compliance of our supply chain.

For the Rainbow Programme, NS&I's strategic re-procurement programme which supports our Future Operating Model for 2024 and beyond, a detailed social value options appraisal has been completed for each of the main procurement packages. This has identified economic, environmental, and social outcomes from the

Social Value Model, relevant to each package, which are being sought, and secured, through the strategic Rainbow procurements.

NS&I does not procure any catering services.

### Responsible customer interaction

As we develop as a digital-first business, we are taking additional steps to protect our customers as they interact with us online. This year, we increased our focus on educating customers about online security risks, adding more information to the blog section of our website about common threats and scams.

We also continue to improve the accessibility of our digital channels. We have identified where we do not meet standards and are working hard to address this.

### Employee welfare and wellbeing

With the majority of NS&I staff working remotely for the majority of the year, we have continued to focus on ways to promote physical and mental wellbeing and address the issue of isolation from colleagues. We recognise that home working brings a range of challenges, beyond access to technology and practical support, and we continue to offer a range of mental health and wellbeing support.

In the final quarter of 2021-22, we introduced a hybrid-working model, which aims to balance the collaborative benefits of working alongside colleagues in the office with the flexibility of home working.

**Sustainability reporting – omissions**

NS&I seeks to report in accordance with the HM Treasury Sustainability Reporting Guidance: 2021–22 and the Greening Government Commitments as far as is reasonable and practicable to do so. Within our Annual Report and Accounts, we provide a summary of the data at a high level as we publish a full Annual CSR Report on our corporate website: [nsandi-corporate.com](https://nsandi-corporate.com). There are areas where we will not be able to report as there is either no data or the area is out of scope for our business. These areas are: Nature recovery and biodiversity action planning – we are an office based operation with locations in major urban areas, all of which are multi-

occupied and not the sole prevail of NS&I and as a consequence, we are not required to deliver a Nature Recovery Plan; Scope 1 Emissions are limited in range as we do not have an organisation owned fleet of vehicles; Travel-car fleet is out of scope as we do not have an organisation owned fleet of vehicles; Sustainable Construction – there have been no construction or refurbishment projects undertaken in this reporting year; Consumer Single Use Plastics have not been an area of focus for NS&I during the COVID-19 pandemic and will be incorporated in a refresh of our CSR Strategy; through COVID-19 lockdowns, we have not been able to measure our paper consumption in the manner previously set out

and this will be incorporated in a refresh of our CSR Strategy; Adapting to Climate Change – this is an area of work in development and will be incorporated in a refresh of our CSR Strategy; Greening Government: ICT & Digital Services Strategy – this is also an area of work in development and will be incorporated in a refresh of our CSR Strategy.

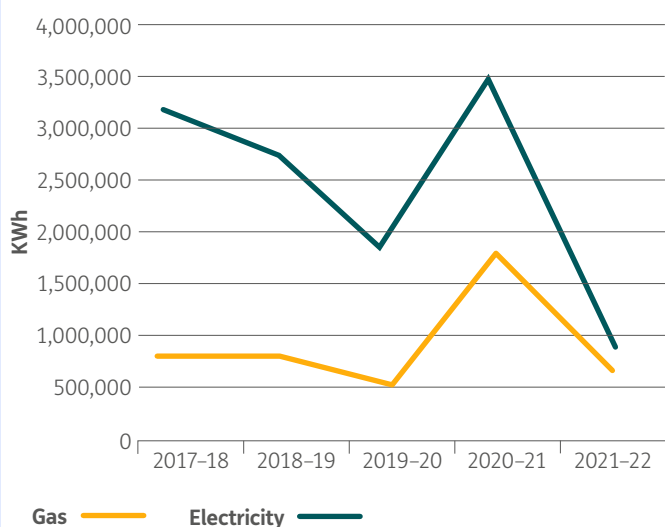
Where a robust estimate cannot be calculated, and a material omission of information or data results, NS&I will clearly state this and provide an explanatory note and a plan on how we will improve data collection, within the full Annual CSR Report, which is published on our website.

We continue to iterate our CSR strategy to improve our environmental performance and the Government Internal Audit Agency reviews NS&I’s sustainability performance data. We monitor our performance closely, as part of our CSR risk policy. Our plans, policy and full sustainability report can be found at

<https://nsandi-corporate.com/governance/corporate-and-social-responsibility>

Our latest CSR report will be published in the autumn.

### Energy consumption (kWh)

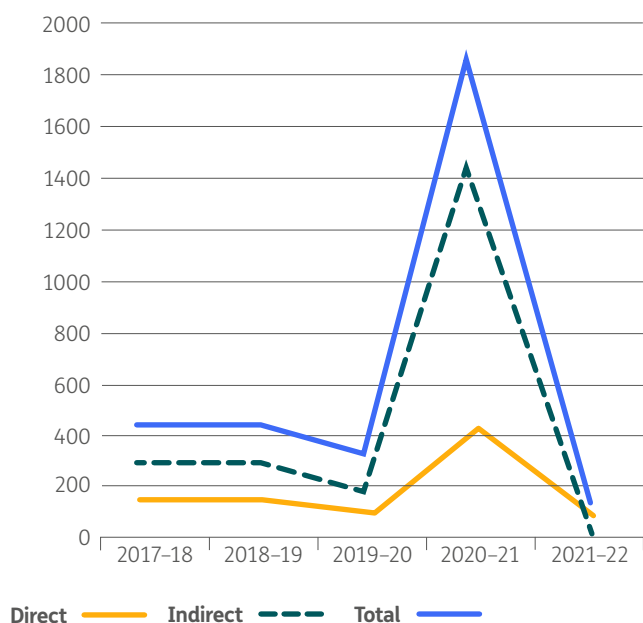


### Energy consumption

	2017-18	2018-19	2019-20	2020-21	2021-22
Gas	837,929	838,571	501,871	1,808,243	668,111
Electricity	3,118,178	2,724,460	1,881,257	3,496,997	907,770
<b>Total</b>	<b>3,956,107</b>	<b>3,563,031</b>	<b>2,383,128</b>	<b>5,305,240</b>	<b>1,575,881</b>

The Blackpool site closed down in June 2021, so no reporting of data from that date. At the Lytham site, the building is multi-occupied and at present it is not possible to break down the apportionment of NS&I utility consumption. We are working on ways to resolve this issue going forward. As with previous years, we are also unable to provide the utility consumption data for Glasgow due to the multi-tenancy nature of the building.

### Total CO<sub>2</sub>e emissions



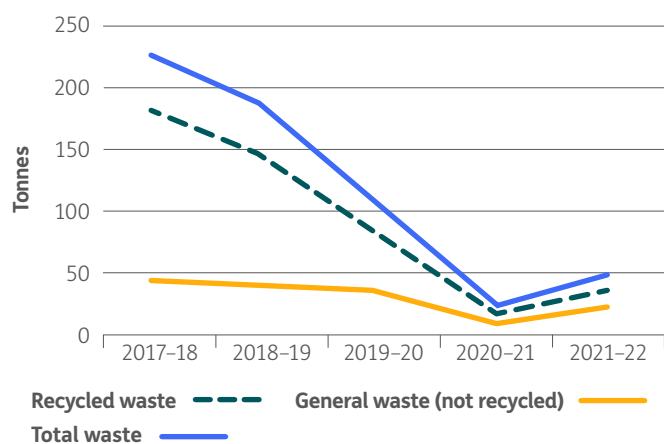
### Total CO<sub>2</sub> emissions

	2017-18	2018-19	2019-20	2020-21	2021-22
Direct	154.31	154.2	92.3	425	122.4
Indirect	275.49	269	173.6	1,459	25.2
<b>Total</b>	<b>430</b>	<b>423.2</b>	<b>265.9</b>	<b>1,884</b>	<b>147.6</b>

Direct emissions – this is the consumption of gas for heating.  
Indirect emissions – this is the total of emissions relating to electricity consumption, waste management and business travel.



## Waste

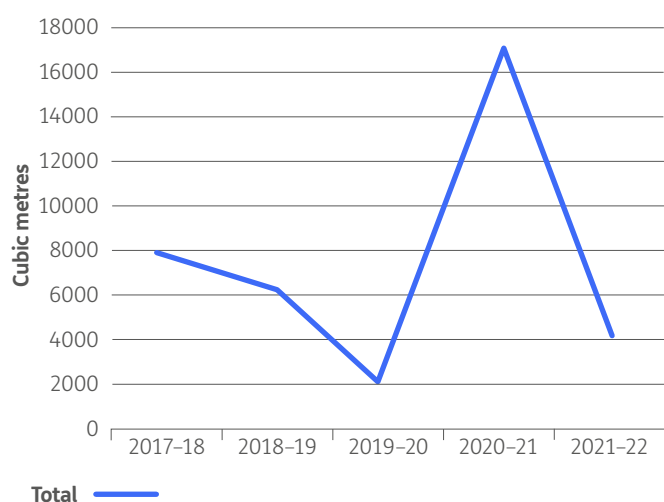


## Waste

	2017-18	2018-19	2019-20	2020-21	2021-22
Recycled waste	171	146	77	11	31
General waste (not recycled)	45	43	36	4	18
<b>Total</b>	<b>216</b>	<b>189</b>	<b>114</b>	<b>15</b>	<b>49</b>

The Blackpool site closed down in June 2021, so no reporting of data from that date. At the Lytham site, the building is multi-occupied and at present it is not possible to break down the apportionment of NS&I waste data. We are working on ways to resolve this issue going forward.

## Water consumption

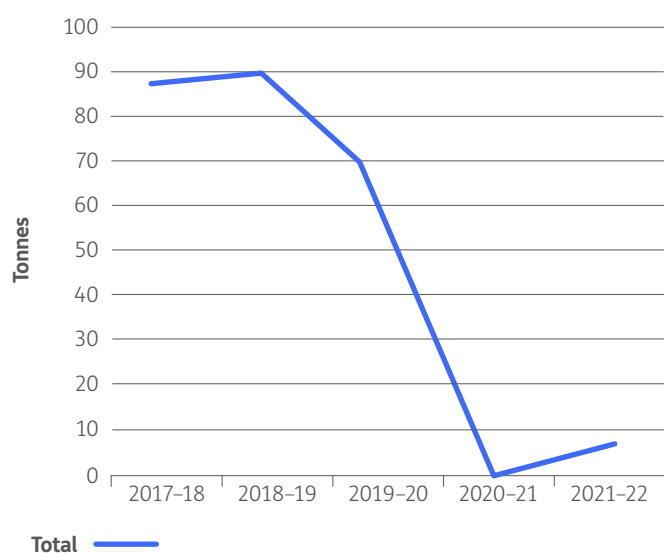


## Water consumption

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Total</b>	<b>7,925</b>	<b>6,089</b>	<b>2,213</b>	<b>17,128</b>	<b>4,114</b>

The Blackpool site closed down in June 2021, so no reporting of data from that date. At the Lytham site, the building is multi-occupied and at present it is not possible to break down the apportionment of NS&I utility consumption. We are working on ways to resolve this issue going forward. As with previous years, we are also unable to provide the utility consumption data for Glasgow due to the multi-tenancy nature of the building.

## Travel CO<sub>2</sub> emissions



## Travel CO<sub>2</sub> emissions

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Total</b>	<b>87.88</b>	<b>89.98</b>	<b>69.76</b>	<b>0.34</b>	<b>6.9</b>

The travel emissions relate to NS&I Head Office staff business travel by rail and air.



### CO<sub>2</sub>e emissions from gas and electricity (tonnes)

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Location</b>					
Blackpool	3	2	3	209	3
Durham	97	93	90	124	113
Glasgow	0	0	0	0	0
London	231	231	99	284	16
<b>Total</b>	<b>331</b>	<b>326</b>	<b>191</b>	<b>617</b>	<b>132</b>

### Waste (four sites) tonnes

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Location</b>					
Blackpool	37	34	33	3	4
Durham	38	40	31	2	11
Glasgow	114	86	41	3	30
London	27	28	9	6	4
<b>Total</b>	<b>216</b>	<b>188</b>	<b>114</b>	<b>15</b>	<b>49</b>

### Water consumption (four sites) cubic metres

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Location</b>					
Blackpool	4,043	3,269	579	13,058	2,114
Durham	2,140	1,636	1,634	1,259	1,306
Glasgow	0	0	0	0	0
London	1,742	1,184	0	0	693
<b>Total</b>	<b>7,925</b>	<b>6,089</b>	<b>2,213</b>	<b>14,317</b>	<b>4,113</b>

### Percentage of waste recycled

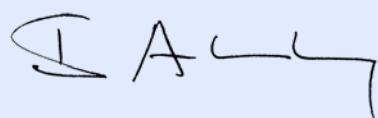
	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Location</b>					
Blackpool	71	68	67	75	75
Durham	74	72	77	84	71
Glasgow	78	78	59	56	54
London	100	93	78	73	52
<b>Whole business total</b>	<b>79</b>	<b>77</b>	<b>68</b>	<b>72</b>	<b>63</b>

Conversion factors for 2021-22 reporting year are taken from the following government document:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

Direct CO<sub>2</sub> emissions relate to gas or diesel fuel for heating

Indirect CO<sub>2</sub> emissions relate to electricity, waste and transport



**Ian Ackerley**  
Chief Executive  
National Savings and Investments  
22 June 2022

# 02

## Accountability Report

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# Corporate governance report

## Directors' report

### Scope of responsibility

NS&I is both a government department and an Executive Agency of the Chancellor of the Exchequer. The Chancellor of the Exchequer is responsible for determining the policy and financial framework within which NS&I operates. John Glen, the Economic Secretary to the Treasury, has been the Minister responsible for NS&I since 9 January 2018. Tom Scholar has been the Permanent Secretary to the Treasury since 1 July 2016.

NS&I's core remit is to deliver cost-effective financing for government. Our Inspire & Invest strategy has this at its heart and also sets out additional aims: to provide payment processing services to government and to help government deliver its policy objectives.

### NS&I's corporate strategy

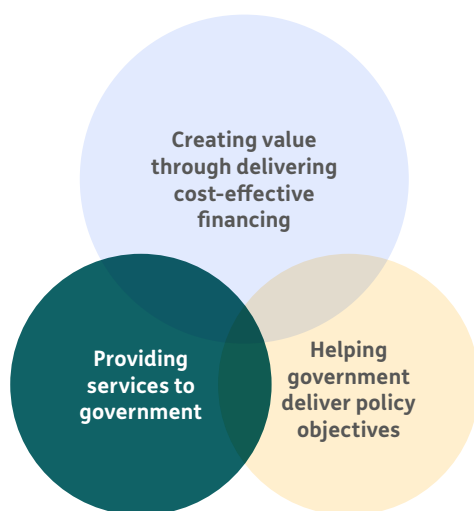
We are currently in year four of our five-year Inspire & Invest strategy. We plan to extend this strategy by a further two years to provide a transition to our next strategy, which will commence once our strategic business transformation programme (called Rainbow Programme) and outsource delivery partner re-procurement have been delivered.

### Our purpose

We want to inspire a stronger savings culture. We believe everyone should have the opportunity to save confidently.

### Our mission

Our mission has three areas of focus:



### Values

Our values are to be secure, inspiring, straightforward and reassuringly human.

### Strategic aims

NS&I has six strategic aims that drive our annual corporate planning prioritisation. They are:

1. Delivering for government
2. Delivering digital-first products and services for our customers
3. Using our insight and policy expertise to meet our customers' needs
4. Delivering efficiently
5. Doing the right thing
6. Being inspiring and empowered

### NS&I board

Members of NS&I's board during the year to 31 March 2022 were:

- Ed Anderson, Independent Non-executive Director and NS&I Chair. Member of the Appointments and Remuneration Committee
- Christopher Fisher, Independent Non-executive Director (until 28 February 2022). Chair of the Appointments and Remuneration Committee (until September 2021)
- Jill Lucas, Independent Non-executive Director. Member of the Audit and Risk Committee. Member of the Appointments and Remuneration Committee from 1 January 2021. Chair of the Appointments and Remuneration Committee from October 2021
- Sharmila Nebhrajani OBE, Independent Non-executive Director and Chair of the Audit and Risk Committee
- Nina Hingorani-Crain (appointed 1 November 2021). Member of the Audit and Risk Committee from 1 December 2021
- Azin Roussos, HM Treasury representative. Member of the Audit and Risk Committee
- Ian Ackerley, Chief Executive and Accounting Officer. Member of the Appointments and Remuneration Committee
- Ruth Curry, Finance Director
- Dax Harkins, Business-to-Business Director
- Gareth Headon, Acting People and Strategy Director. Member of the Appointments and Remuneration Committee
- Paul Henry, Risk Director

- Matthew Smith, Chief Operating Officer
- Jill Waters, Retail Director

**Conflicts of interest**

NS&I has policies and procedures in place to ensure that Directors make decisions independent of personal interests.

Directors are required to notify the board of any relevant positions held or other interests as they occur. These are recorded in the register of Directors' interests, which is published on our website:

[nsandi-corporate.com/governance/who-we-are](https://nsandi-corporate.com/governance/who-we-are)

Directors are also prompted to declare any potential conflicts of interest at the beginning of each board meeting in respect of the business of that meeting.

If a conflict is identified, the Director concerned may be recused from discussions and/or decision-making as appropriate.

The Product Dealing Policy and Code restricts the ability of Directors to transact in NS&I products when they have access to unpublished inside or price-sensitive information.

**Personal data incidents disclosures to the Information Commissioner's Office (ICO)**

NS&I has made no formal reports to the Information Commissioner's Office (ICO) during the 2021-22 performance year in respect of personal data breaches or incidents.

## Corporate governance report

### Statement of Accounting Officer's responsibilities

Actions have been taken to ensure that the Statement of Accounting Officer's responsibilities is prepared in accordance with the *Government Financial Reporting Manual*, *Public Expenditure System* and *HM Treasury Managing Public Money* guidance.

#### Resource Accounts

Under the Government Resources and Accounts Act 2000, HM Treasury has directed NS&I to prepare each financial year accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of the Department's affairs as at 31 March 2022 and of its net cash requirement, net resource outturn, net operating cost, changes in taxpayers' equity and cash flows for the financial year.

#### Product Accounts

Under the Government Resources and Accounts Act 2000, HM Treasury has directed NS&I to prepare accounts covering all its products for each financial year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of the products' balances at the year end and of the income, expenditure and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going-concern basis.

The Chief Executive is appointed by the Chancellor of the Exchequer as Accounting Officer for NS&I. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding NS&I's assets, are set out in *Managing Public Money*, published by HM Treasury.

The Accounting Officer has taken all the steps that ought to have been taken to make himself aware of any relevant audit information and to establish that NS&I's auditors are aware of that information. So far as he is aware, there is no relevant audit information of which NS&I's auditors are unaware.

The Accounting Officer confirms that the Annual Report and Accounts, as a whole, is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Comptroller and Auditor General is responsible for the audit of the Resource Accounts and Product Accounts, in accordance with section 7 of the Government Resources and Accounts Act 2000. The notional external audit fees include fees for the Product Accounts statutory audit of £380,000 (2020–21: £380,000) and the Resource Accounts statutory audit of £70,000 (2020–21: £70,000).

## Corporate governance report

### Governance Statement

#### The purpose of the Governance Statement

This Governance Statement provides an explanation of NS&I and its control structure. It provides information on the stewardship of NS&I and how it has managed the risks it has faced during 2021–22.

#### How is NS&I's governance achieved?

##### Governance framework

NS&I's governance framework is prescribed by the Framework Document and Memorandum of Understanding (MOU) with HM Treasury. It sets out requirements for how NS&I is directed and managed and includes provisions for:

- the role of HM Treasury and which decisions are retained or delegated to NS&I
- the role of the Accounting Officer (also the Chief Executive of NS&I)
- the role of the NS&I board
- how strategy is determined
- corporate planning, budgets, setting targets and monitoring
- requirements for risk management arrangements
- requirements for assurance systems and internal controls.

NS&I also maintains a Corporate Governance Manual, which provides further detail on governance policies and terms of reference for the board and committees. Provisions for how decision-making is carried out across NS&I are set out in the Delegated Authorities Manual. Both documents are reviewed annually and updated as appropriate.

##### Role of HM Treasury and the Minister

HM Treasury provides high-level oversight of NS&I. Some decisions are reserved for Ministerial approval, such as the corporate plan and Service Delivery Measures (SDMs), as well as changes to the pricing of our products. The Debt and Reserves Management (DRM) office acts as the sponsor department for NS&I, providing advice and monitoring as well as advising Ministers within HM Treasury.

##### Role of the Accounting Officer

Ian Ackerley is the Accounting Officer and Chief Executive of NS&I. The responsibility for developing strategy and the day-to-day management of NS&I is delegated to the Chief Executive.

The Chief Executive has responsibility for maintaining sound internal governance arrangements that support the achievement of NS&I's policies, aims and objectives. He is supported by the Executive Committee and the NS&I board.

His responsibilities include:

- fulfilling NS&I's statutory objectives, general functions and duties and exercising its legal powers
- developing strategy proposals for recommendation to the board and the Minister, ensuring that agreed strategies are reflected in the business plan
- ensuring that the board receives regular financial management and performance reports that are accurate, timely and clear
- establishing a relationship of trust with the NS&I Chair, informing and consulting him on key developments in a timely manner and seeking advice and support as appropriate.

The Chief Executive is also the Director of Savings, which enables him to contract with third parties in respect of NS&I. The Statement of Accounting Officer's responsibilities is on page 37.

NS&I has also commenced a key transformation programme (Rainbow Programme), the only HM Treasury major project in the UK Government Major Projects Portfolio (GMPP). Matthew Smith was formally appointed Senior Responsible Owner for this programme on 6 July 2021 (by an Osmotherley letter).

##### Role of the NS&I board

NS&I has an advisory board led by Ed Anderson, its Chair. The board does not decide policy or exercise the powers of the Minister. It assists in developing NS&I's strategy and advises on the operational implications and effectiveness of policy proposals, as well as scrutinising performance and challenging Executive Directors on how well NS&I is achieving its objectives. The Chief Executive is required to follow the advice of the board, except where it conflicts with his obligations as Accounting Officer.

In particular, NS&I's board advises on five main areas:

- strategic clarity: setting the NS&I vision
- commercial sense: scrutinising the allocation of financial and human resources
- talented people: ensuring NS&I has secured sufficient capability and capacity to meet current and future needs
- results focus: agreeing the corporate plan and monitoring its delivery

- management information: ensuring that clear, consistent, comparable performance information is used to drive improvements.

Other specific responsibilities are delegated to the board’s committees (the Audit and Risk Committee and the Appointments and Remuneration Committee), which operate within clearly defined terms of reference. Details of the responsibilities delegated to the committees are given on pages 42 and 43.

Terms of reference for the board can be found on the NS&I website and are reviewed annually. They provide for collegiate decision-making so that no individuals or group of individuals may dominate the board’s decision-making.

### Board structure

NS&I’s board consists of seven Executive Directors (including the Chief Executive), up to five Non-executive Directors (including the NS&I Chair) who are independent and appointed by the Chancellor of the Exchequer following an open recruitment process, and up to two representatives of HM Treasury.

Each Executive and Non-executive Director has an annual appraisal and personal development or learning plan to acquire and maintain the skills and understanding to support their competence.

### Corporate governance best practice and regulation

NS&I is committed to achieving the highest standards of corporate governance, integrity and business ethics. Throughout 2021–22, NS&I complied with the Corporate Governance in Central Government Departments: Code of Good Practice (2017; the ‘Code’) where applicable.

NS&I also looks to adopt and adhere to principles of the 2020 Financial Reporting Council (FRC) Corporate Governance Code. Because of the constitutional nature of NS&I (an Executive Agency of the Chancellor of the Exchequer, rather than an incorporated entity), it is not relevant for it to meet all the requirements in the Code.

NS&I is not regulated by the Financial Conduct Authority (FCA). However, it seeks to incorporate best practice principles relating to FCA-regulated financial institutions into its processes where it is appropriate and proportionate to do so – such as those relating to how we treat our customers and best practice for senior managers.

### Culture and stakeholders

NS&I’s governance framework and procedures provide for consideration of its stakeholders. These include its customers, employees and operational partners and suppliers. Regular oversight by the board and committees includes:

- monitoring and reporting on levels of customer satisfaction against an annual target
- receiving regular reports from the Employee Listening and Action Group (ELAG) on results of staff surveys and progress with action plans
- monitoring the relationship and performance of our outsourced delivery partner, Atos
- receiving a six-monthly conduct report and agreeing ‘areas of focus’ for the coming period.

### The Independent Non-executive Directors

The Independent Non-executive Directors have no cross-directorships or significant links that could materially interfere with the exercise of independent judgement.

The Independent Non-executive Directors meet several times during the year without the Executive Directors present. Since February 2020, a session for Non-executive Directors only has been held at the beginning of each board meeting.

### Lead Non-executive board member

The board has decided not to follow the Corporate Governance Code in relation to the appointment of a Lead Non-executive Director other than the Chair, who assumes the Lead Non-executive role as described in the Corporate Governance Manual. The Chair meets the Non-executive Directors individually and collectively and, if necessary, feeds views back to HM Treasury.

The board has identified HM Treasury as NS&I’s main stakeholder and considers that HM Treasury representation on the board, together with agreement that the Independent Non-executive Directors, if they choose, can meet the responsible Minister annually, means that there is no need for a Lead Non-executive board member other than the Chair.

### Company Secretary and independent advice

The Company Secretary is responsible for advising the board on all corporate governance matters and ensuring that all board procedures are followed. All board members have access to the advice and services of the Company Secretary.

Procedures are in place for the board and its committees to take independent professional advice, if necessary, at NS&I’s expense.

### Board meetings and attendance

Board meetings are held every two months and additional board workshops and special meetings are held to discuss urgent or specific issues such as strategy and effectiveness.



### The work of the board in 2021–22

During the period of this report, the board undertook various activities in order to fulfil its role, including:

- high-level monitoring of the operations, performance, people and other key issues relating to the organisation – receiving reports from the Chief Executive and Executive Directors at each meeting
- reviewing the progress of and providing input into the Rainbow Programme
- providing challenge, scrutiny and advice in respect of strategic matters, including looking ahead to the strategic needs of the organisation in the future
- receiving reports on the effectiveness of outsourcing arrangements with our partner, Atos
- reviewing and endorsing the annual corporate plan and Service Delivery Measures
- receiving regular reports from its Audit and Risk Committee, and Appointments and Remuneration Committee
- endorsing the 2020–21 Annual Report and Accounts on the recommendation of the Audit and Risk Committee
- informal interaction with NS&I employees and areas of the business, participating in quarterly business updates and learning sessions with staff members
- carrying out an internal review of the Board’s effectiveness in respect of 2021–22.



The attendance of the individual Directors at board and committee meetings of which they were members during 2021–22 was as follows:

Name	Board (six meetings)		Audit and Risk Committee (five meetings)		Appointments and Remuneration Committee (four meetings)	
	Possible	Actual	Possible	Actual	Possible	Actual
Ed Anderson CBE <sup>(1)</sup>	6	6	5	5	5	5
Christopher Fisher	6	6	n/a	n/a	3	3
Jill Lucas <sup>(2)</sup>	6	6	5	5	5	5
Sharmila Nebhrajani OBE	6	5	5	4	n/a	n/a
Nina Hingorani-Crain <sup>(3)</sup>	2	2	1	1	n/a	n/a
Azin Roussos	6	5	5	5	n/a	n/a
Ian Ackerley	6	6	n/a	n/a	5	5
Ruth Curry	6	6	n/a	n/a	n/a	n/a
Dax Harkins	6	6	n/a	n/a	n/a	n/a
Gareth Headon	6	6	n/a	n/a	5	5
Paul Henry	6	6	n/a	n/a	n/a	n/a
Matthew Smith	6	6	n/a	n/a	n/a	n/a
Jill Waters	6	6	n/a	n/a	n/a	n/a

(1) Ed Anderson routinely attends Audit and Risk Committee meetings as an invitee, but he is not a member.

(2) Jill Lucas became the Chair of the Appointments and Remuneration Committee after October 2021.

(3) Nina Hingorani-Crain was appointed as a Non-executive Director on 1 November 2021 and to the Audit and Risk Committee on 1 December 2021.

(4) At least one HM Treasury member attends each meeting of the Board and the Audit and Risk Committee.

### Board appointments

All executive and non-executive appointments to NS&I's board are made on merit, and political activity plays no part in the selection process.

All executive board members, including the Chief Executive, were appointed, where applicable, in accordance with the Civil Service Commissioners' Recruitment Code. Each member of the board has a personal contract that stipulates the procedures for termination.

The Chief Executive and Non-executive Directors are appointed by HM Treasury.

Up to two HM Treasury representatives may be appointed to the board by HM Treasury. One Treasury representative sits on the board and one other HM Treasury representative has attended meetings in an observer capacity since 1 December 2021.

### Board induction

On joining the board, Directors are given background information describing NS&I and its activities. They receive an induction pack that includes information on all the governance processes of NS&I, the roles and responsibilities of the board, committees and officers, and a range of other appropriate information about NS&I, its activities and relationship with HM Treasury. Meetings are arranged with a range of key people from across NS&I, HM Treasury and our operations partner, Atos, on a structured basis to assist with induction.

All Non-executive Directors complete compliance e-learning at the beginning of their three-year term and once again if reappointed for a second term.

The Appointments and Remuneration Committee considers the training needs of the Executive Directors, Non-executive Directors and Assistant Directors. All board members are encouraged to attend relevant training courses at NS&I's expense.

### Board evaluation

NS&I recognises the importance of a comprehensive evaluation of the effectiveness of the board, the board committees and officers. NS&I ensures that comments and recommendations are considered carefully and implemented, where appropriate, to enable its continued development.

The last external review of board and committee effectiveness was carried out by the Government Internal Audit Agency (GIAA) in respect of 2019-20. It concluded that the board, Audit and Risk Committee, and Appointments and Remuneration Committee are fit for purpose and effective and compliant overall with the Corporate Governance in Central Government Departments: Code of Good Practice (the 'Code').

A questionnaire-based assessment of the board effectiveness was carried out in respect of 2021-22. There were no significant issues identified.

### Quality of data used by the board

The board continually considers the quality of management information it receives, including the underlying data, and actions have been taken to improve this where necessary. The quality of board papers continued to improve in the period.

At the beginning of each financial year, the board receives for consideration and endorses the proposed board scorecard and the related Service Delivery Measures that reflect NS&I's strategy. The performance data is updated and presented to each board meeting.

### Ministerial Directions

There have been no Ministerial Directions during this financial year.

### Board committees

The board has delegated responsibilities to two committees (the Audit and Risk Committee and the Appointments and Remuneration Committee) that deal with specific matters in accordance with written terms of reference. There is also an Executive Committee which is chaired by the Chief Executive. The committees all carry out annual reviews of their performance, which are reported to the board. Committees' terms of reference are available on NS&I's website.

The Board considers that it receives adequate assurance from the Audit and Risk Committee (via a written report) and the Appointments and Remuneration Committee via a written report and additional oral updates after each committee meeting. It also receives a regular Chief Executive's overview and regular reports from each directorate of NS&I.

### Audit and Risk Committee

The Audit and Risk Committee consisted of two Non-executive Directors and the representatives from HM Treasury, until 1 December 2021, when the board agreed to increase the number of Non-executive Directors to four. Its members are Sharmila Nebhrajani OBE, who is the Chair, Jill Lucas, Nina Hingorani-Crain and Azin Roussos (HM Treasury's representative). The main responsibilities of the Audit and Risk Committee are to assure the Accounting Officer and the board as to the adequacy of:

- the strategic processes for risk control, governance and security within NS&I, and also for NS&I work outsourced to our operational delivery partner
- the accounting policies, Annual Report and Accounts of NS&I

- internal and external audit plans and the results of this work, along with management's responses to any issues identified and progress with recommendations
- the system of internal control within both NS&I and our delivery partner, including internal audit arrangements within NS&I and the NS&I account within the partner organisation
- processes in place to ensure appropriate compliance with regulation
- anti-fraud policies, whistleblowing processes and arrangements for special investigations.

The Audit and Risk Committee met five times during the year. At the invitation of the committee, the Chief Executive, Finance Director, Risk Director and Chief Operating Officer also attend, as well as the Head of Internal Audit, a representative from the National Audit Office and a representative from the external audit partner (under the National Audit Office's framework agreement).

During 2021-22, the Audit and Risk Committee discharged fully its responsibilities listed above and the Chair of the Audit and Risk Committee provided a comprehensive annual report to the board as well as reports and minutes after each meeting.

### Appointments and Remuneration Committee

The Appointments and Remuneration Committee comprises up to three Non-executive Directors and two Executive Directors.

In 2021-22 the Committee members were Christopher Fisher (as Chair until 1 September 2021, and then as member until the end of his term of appointment in February 2022), Ed Anderson, Jill Lucas (who became Chair of the Committee in September 2021), Ian Ackerley (the Chief Executive) and Gareth Headon (the Acting People and Strategy Director). Due to the nature of NS&I and the role of the Accounting Officer, the membership of this committee includes Executive Directors as well as Non-executive Directors.

The Appointments and Remuneration Committee scrutinises the Chief Executive's recommendations on pay and performance-related awards to confirm that they are consistent with government policy, HM Treasury pay guidance and the needs of the business. Performance-related awards are judged on two elements: NS&I's performance against its Service Delivery Measures, which are audited; and individual performance and competency objectives, which are assessed by the Chief Executive using appropriate measures of outcomes. The Chief Executive and People and Strategy Director are recused from meetings that discuss and make decisions in respect of their pay and performance.

The Chair of the Appointments and Remuneration Committee provides a verbal report back on its meetings to the Board, taking into account the confidential nature of the committee's business.

The committee reviews succession-planning arrangements for senior staff within NS&I and succession planning for Non-executive Directors.

As NS&I is a government department, the functions and responsibilities of the committee are discharged subject to the Civil Service rules on pay and appointments.

Details of Directors' remuneration and emoluments are set out in the Remuneration and staff report on pages 55 to 57.

### Executive Committee

The Executive Committee consists of all the Executive Directors and is chaired by the Chief Executive. The Executive Committee met formally 22 times in 2021-22. It also held separate sessions to discuss issues relating to strategy, people and planning. Representatives from across NS&I and our outsource delivery partner are invited to the meetings, as appropriate, to discuss aspects of their business or to give presentations on specific topics.

### Diversity and equal opportunity

NS&I is committed to equality of opportunity in all its employment practices, policies and procedures and it is our policy that there should be no discrimination against any employee, contractor, agency worker, job applicant, customer, supplier or any third party with whom we come into contact.

In 2021-22, NS&I launched a leadership development programme specifically designed for colleagues who identify as coming from an ethnic minority background. This is explored in more detail on page 27.

### Risk management

NS&I operates a comprehensive Risk Management Framework which integrates risk management in its daily business activities and strategic planning, employing the following structure and approach.

### Responsibilities and culture

The Executive Committee via its Risk Management sub-committee has responsibility for the management of NS&I's Risk Management Framework, including risk appetite, which is agreed by the board. The board oversees NS&I's compliance with the Risk Management Framework by annually reviewing and approving NS&I's annual risk appetite statements and strategic risks, and receiving quarterly updates on performance in relation to risk appetite and management of strategic and operational risks.

NS&I operates within a framework for assessing risk appetite, which is laid down by the Government. In April 2021, the board agreed a series of risk appetite statements covering different risk impact types.

### 2021–22 Risk Appetite Statements

**Financial impact:** NS&I’s appetite for financial risk is **cautious**. Our financial decisions are heavily scrutinised, with value for money being a key factor in decision-making. We will accept risks that may result in some small-scale financial loss or exposure on the basis that they can be expected to balance out, but will not accept financial risk that could result in significant reprioritisation of budgets.

Our appetite for risks associated with business-as-usual activity is naturally lower than with our transformation activity; however, we will look to identify and quantify potential benefits from our change activities and manage them with the objective of realising these benefits.

**Delivery of strategic objectives:** NS&I is **open** to strategic risk relating to:

- i) delivering our overarching Inspire & Invest strategy
- ii) agreeing and delivering our annual corporate plan (including delivery priorities and SDMs); and
- iii) delivering our ‘Supporting Government Policy’ strategic purpose.

**Number of customers affected:** NS&I values its customers and is **cautious** when considering the number of customers exposed to a risk of any detriment as a result of new propositions, engagement activities, changes or process failures.

**Impact on the customer:** NS&I values its customers and is **cautious** when considering the risk of any detrimental impact on customers as a result of new propositions, interactions, changes or process failures.

**Reputational impact:** NS&I’s reputation for 100% security and good customer service is a USP and we are **cautious** when we act to protect our reputation with our customers and stakeholders carefully.

**Regulatory concerns:** NS&I is **averse** to any risk exposure for breach of regulations, either statutory or where adopted on a voluntary basis, and will apply controls to manage risk accordingly. We accept that, in a business of our size, mistakes will inevitably occur and these will be remediated without delay.

**Business interruption:** NS&I is **cautious** when it comes to the risk of business interruption and will apply stringent controls to manage its exposure.

**Business-to-business (B2B):** NS&I is **cautious** when pursuing activities that would put our reputation with B2B clients at risk and will look to ensure appropriate controls are in place to manage this effectively.

The Audit and Risk Committee is responsible for assuring the Accounting Officer and the board on the adequacy of the processes adopted for risk, control, governance, security and accounting policies. In addition, the Audit and Risk Committee assures the adequacy of internal audit arrangements, including resourcing, to provide an adequate level of independent assurance.

NS&I’s corporate governance structure facilitates delegation of responsibilities to ensure that there are appropriate flows of information in relation to the business, the use of resources, responses to risks and the extent to which year-end budgets and targets are met. This includes ensuring that all risks identified across NS&I are reviewed, understood and actioned at an appropriate level.

### Approach

NS&I’s approach to risk management is guided by the provisions set out in the *FCA Handbook and Management of Risk – Principles and Concepts* (the Orange Book) issued by HM Treasury.

The objectives of NS&I’s Risk Management Framework are to:

- increase the likelihood that strategic objectives are achieved and value is preserved and enhanced
- provide a framework, procedures and guidance to enable everyone to manage risk in the best way
- assign responsibilities and accountabilities and underpin corporate governance
- assure the board that significant business risks are systematically identified, assessed, monitored and reduced to acceptable levels.

Updates on the operation of the Risk Management Framework are provided to each meeting of the Risk Management Committee, a formal sub-committee of the Executive Committee. The Risk Management Committee provides a report to the Audit and Risk Committee.

NS&I’s Risk Management Framework is complemented by a set of Key Risk Area Frameworks and policies that include definitions of the risk appetite and key processes and procedures for the management of risk.

NS&I’s risk registers set out the results of the risk assessment process, including the identification, assessment and control of risk arising from the use of the risk appetite criteria. Quarterly reporting of risks and controls is presented to the Risk Management Committee.

Central to the integrity of NS&I’s risk management is a ‘three lines of defence’ arrangement, ensuring that risks are managed at the most appropriate place and that robust assurance is achieved.

The first line of defence is represented by line management, which is responsible for complying with and managing compliance around policies and procedures. The second line of defence incorporates responsibility for control and assurance and includes risk policy owners and managers, NS&I’s risk management function and oversight and governance committees. The third line of defence comprises the internal audit function, which is a team independent of day-to-day business that reports to the Audit and Risk Committee on the effectiveness of the overall risk framework.

To gain assurance that risk management is effective and to identify when further action is necessary, the Risk Management Framework is subject to regular review.

### Managing and mitigating risk

Some of our key management controls are set out below:

- Our Delegated Authority Manual and committee governance structure reflect the principles of clear delegation of authority and segregation of duties.
- Our governance committees ensure that we have a monthly, systematic review of risks and controls across NS&I’s operations, including areas of significant expenditure, and that these risks are reviewed, understood and actioned at an appropriate level. In addition, NS&I conducts independent and objective reviews of all activities relating to budget management, cost improvements and financial performance of projects.
- The management of cyber and information risk is a key priority for NS&I based on a set of related IT and information management policies and procedures, covering corporate and personal data. Controls are in place to mitigate the risks of incorrect disclosure, loss or misuse of or lack of access to customer data, as well as destruction of data, in line with our obligations under the Data Protection Act 2018, General Data Protection Regulation (GDPR) and Cabinet Office guidance.
- Selective and open recruitment, succession planning and other human resource policies and practices ensure that staff skills are aligned with NS&I’s current and future needs.
- Robust project management and change implementation disciplines are applied to all major projects, including new technology applications, change programmes and other major initiatives, and, where exceptions are found – i.e. through the Internal Audit Programme – these are addressed.

- The Public Contracts Regulations 2015 set out detailed procedures for the award of contracts above a specific threshold. Details of NS&I tender opportunities and contracts awarded with a value of £10,000 or more (excluding VAT) are published on Contracts Finder, which is accessible via the GOV.UK website: [www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder)

- Staff are actively encouraged to report perceived illegal, dishonest or unethical activities to senior management using internal arrangements or to a confidential reporting service.

- We employ a range of internal controls to mitigate our fraud risk, and these are reviewed and updated regularly.

- Business continuity and disaster recovery plans are in place to manage incidents or crisis events, and these are reviewed regularly.

### Principal risks and uncertainties

The principal risks and uncertainties facing NS&I that could cause our financial results or operational delivery to materially differ from expected results and overall SDMs are set out on pages 46 to 48 along with a summary of how we managed or mitigated these risks in 2021–22.

### Assurances

NS&I’s systems of governance, management and risk control have been assessed by the GIAA in its capacity as NS&I’s internal auditors, who report to each meeting of the Audit and Risk Committee. This forms part of the annual audit programme which enables the Audit and Risk Committee to gain assurance that NS&I’s risk profile is being monitored and provides independent verification on the appropriateness of the risk management and assurance processes in place.

In addition, the Audit and Risk Committee is provided with an independent evaluation of the governance, risk management and internal control through:

- the integrated assurance report, which considers the results of 2021–22 assurance activity; this includes the GIAA findings and the NS&I and Atos risk-based second line assurance programme, incorporating operations, compliance, IT and project assurance
- the risk-based internal audit plan agreed by the Audit and Risk Committee and delivered during 2021–22 by the GIAA; from this programme, internal audit reports including management responses to the recommendations were generated, summarised and submitted for consideration by the Audit and Risk Committee; a comprehensive tracker system is used to monitor delivery of the control improvements
- the internal audit’s annual report opinion for the year ended 31 March 2022



- discussion, where appropriate, with the responsible NS&I and operational partner’s executives on any key control issues
- external third-party evidence through, for example, NS&I measuring progress against external standards/ requirements
- the external auditors’ annual audit with recommendations for improvements to the internal control environment identified during the annual audit and inspection. As part of the review of the governance framework, each Executive Director provides an annual assurance statement in relation to their responsibilities for supporting the effectiveness of and highlighting exceptions in the internal control and governance environment. Significant weaknesses highlighted through this process are set out below.

### Functional Standards

The application of Functional Standards was mandated for all government departments and arm's-length bodies from the end of September 2021, and by the end of March 2022, for each body to have in place a plan to comply with each Functional Standard. NS&I has reviewed its compliance against each of the standards and provided assurance that it meets all mandatory elements. Plans are in place for addressing any shortfalls which have been identified. Reference to Functional Standards has been embedded in governing documents (the Framework Agreement and MoU) and included in Directors’ Assurance Statements.

### Quality assurance

In accordance with guidance contained in the Aqua Book on producing quality analysis for government, NS&I operates two business critical models to calculate its Net Financing and Value Indicator metrics. Robust quality assurance processes are in place around these models.

### Auditors

NS&I’s internal audit service provides an independent appraisal service for the Audit and Risk Committee by measuring and evaluating the adequacy, reliability and effectiveness of management and financial control systems. Internal audit makes recommendations based on an evaluation of the processes, risks and controls reviewed. An annual assurance report is provided to the Audit and Risk Committee and the Accounting Officer.

In line with government guidelines, and to ensure wholly independent and fully professional analysis and recommendations, NS&I’s internal audit service is provided by the Government Internal Audit Agency (GIAA). Work has been undertaken in accordance with Public Sector Internal Audit Standards (PSIAS) and the standards of the Chartered Institute of Internal Auditors.

In addition, the Audit and Risk Committee receives from the external auditors an audit completion report and management letter that includes observations and recommendations on internal control arising from the annual audit of the Financial Statements.

The GIAA’s annual opinion reported for the year ended 31 March 2022 noted the following:

- The assurance opinion for 2021–22 was assessed as Moderate, which reflects the fact that NS&I has an effective and sustainable governance and control framework which is supported by prescribed processes and controls, as well as a culture of effective senior management engagement and scrutiny.
- The Moderate assessment is particularly positive given the significant challenges and pressures on NS&I’s governance and control framework during 2021–22 as a result of the COVID-19 pandemic, and the need to establish a significant transformation programme to manage the re-procurement of outsourced operations.
- The governance and internal control framework for the transformation programme has been established and continues to evolve as the programme matures; effort and commitment to launch the programme has been substantial and consideration should be given to resource allocation to ensure that the current effort is sustainable.
- As NS&I moves to a multi-supplier model, the design and culture of its oversight model will need to have greater emphasis on “trust, but verify”.
- The continuing maturity of the Risk Management Framework is reflected in the evolution and streamlining of NS&I’s control framework, highlighting senior management’s desire to focus on the “things that matter”.

## Principal risks and uncertainties facing NS&I

### Significant Incidents – 2021–22

#### Customer complaints

In the first half of 2021–22, customer complaint volumes were significantly higher than normal. This was caused by higher volumes of customer transactions and a lack of operational resource due to restrictions in place to manage the spread of COVID-19. The high volumes affected our ability to process complaints within our usual service standards and statutory timescales. Through a combination of re-prioritising existing resource and deploying additional operational resource, we were able to bring customer complaint processing times back within tolerance in May 2021. Volumes of complaints returned to normal levels in September 2021.

The number of complaints referred to the Financial Ombudsman Service (FOS) was also significantly higher throughout the year compared with normal levels. Customers can refer their complaint to FOS up to six months after NS&I has concluded its investigation into their complaint, which meant that high volumes continued to be referred, even after normal service levels had been restored. Approximately 50% of all referrals into the FOS were overturned across the year.

### Compliance with the Payment Services Regulations (PSRs)

NS&I is exempt by an Act of Parliament from the PSRs. Nonetheless, we are committed to adhering to the relevant rules and guidance in line with our MoU with HM Treasury.

NS&I has been unable yet to fully comply with all relevant aspects of Strong Customer Authentication (SCA), as outlined in PSR Regulatory Technical Standards. In February 2022, we encountered issues with the introduction of functionality for customers transacting online. Resolution to these issues has progressed well and we plan to implement this functionality during the summer. Further work will continue throughout 2022–23 in relation to other customer journeys, including mobile transactions.

### Customer holdings in excess of Premium Bonds investment limit

During 2021–22, work was undertaken to identify customers who may have multiple holdings of Premium Bonds which, when added together, total more than the £50,000 customer investment limit allowed under the NS&I regulations. We are investigating approximately 11,000 customers who may have excess holdings and work will continue to remediate this cohort throughout 2022–23.

### Fixed term penalty removal

In May 2019, NS&I made a change to the terms and conditions of the Guaranteed Growth Bond (GGB) to remove the ability for customers to access their funds before maturity. This resulted in a change to how tax was treated as HMRC no longer considered interest to be taxable during the year, and instead taxable when the bond matured.

Circa 12,000 customers who purchased the Bond between May to September 2019, were not made aware of the change in tax treatment until April 2021; this resulted in customer complaints and media attention. Affected customers were given the option to release their funds, with interest paid at the rate the Bond earned for the period held.

### Incorrect transaction dates

In September 2021, NS&I identified that incorrect transaction dates had been applied to Faster Payments made between 19 July and 29 September 2021. The error resulted in some customers not accruing interest from the correct date, or not being entered into the correct initial Premium Bond prize draw if they purchased Premium Bonds at the end of July, August or September 2021.

Interest calculations were amended in our systems to ensure that customers accrued the correct amount of interest, and Premium Bond prizes of £27,175 were retrospectively paid to customers.

### Principal risks and uncertainties facing NS&I – 2021–22

#### 1. Cyber risk

Cyber information risk is the failure to safeguard the confidentiality, integrity and availability of our systems and customer/client data from cyber threat actors and human error.

#### Mitigations

Cyber risk is managed through the presence of robust cyber security controls to protect against internal and external security threats; for example, this includes having appropriate systems and processes in place to protect against unauthorised access to data and comprehensive staff training to ensure data is handled appropriately.

The oversight of these controls is exercised through governance meetings attended by both NS&I and Atos colleagues, where risks are discussed and actions to remediate known vulnerabilities are tracked to closure. Atos provides regular reports to NS&I on the performance of the IT security environment, and subject matter experts from NS&I are consulted on change projects to ensure that there is appropriate consideration of security risk.

Throughout 2021–22, we have worked to strengthen our cyber security controls and have refined the tools that we use to identify and deal with cyber threats. Mandatory staff training on cyber threats including phishing and social engineering have been undertaken, alongside conducting phishing tests on our staff to help maintain a high level of awareness of security threats.



## 2. Service disruption risk

Service disruption risk is the failure to maintain operational services to our customers, including service requests or providing customers with access to their accounts via our IT infrastructure.

### Mitigations

Social distancing and self-isolation requirements to minimise the spread of COVID-19 have continued to affect Atos's ability to service customers throughout 2021-22. NS&I has worked with Atos and invested in additional operational staff to increase operational capacity and support the delivery of services.

A range of measures have been taken during the year to ensure our IT systems remain resilient and continue to operate effectively. This includes undertaking disaster recovery testing, the implementation of software updates and technical patches, and the upgrade and replacement of some core operational systems.

## 3. Customer and product risk

Customer and product risk is the failure to keep NS&I products relevant in the financial services marketplace while balancing our obligations to the taxpayer and not impacting on the financial services market.

### Mitigations

All proposed changes to our products are analysed to consider the impact on the customer, taxpayer and wider financial services market. Our Retail and Pricing Committee review and challenge the outputs of this analysis and submit recommendations to HM Treasury who review and challenge the changes or submit to Ministers for approval.

## 4. Financial management risk

Financial management risk is the failure to manage our finances adequately and remain within our spending limits set by Parliament.

### Mitigations

NS&I is set departmental spending limits by HM Treasury and we monitor our spending against these limits on an ongoing basis. Spending and forecasting is monitored across the business by the finance team who meet with budget holders to review and challenge actual and planned expenditure to ensure that we remain within our limits.

## 5. B2B risk

B2B risk is the failure to generate income from delivering services to B2B clients, impacting on NS&I's budget.

### Mitigations

NS&I monitor the delivery of services to our B2B clients through our oversight arrangements with Atos to ensure that services are delivered within the standards set out in our memorandum of understanding with each client. Where service standards are not achieved, a lessons learned activity is undertaken to establish what could be done differently.

## 6. Legislative compliance risk

Legislative compliance risk is a failure to comply with the laws and regulations that apply to our business.

### Mitigations

NS&I oversees Atos to make sure that they operate in compliance with regulatory and legislative requirements. This oversight is undertaken on a daily basis and formally through monthly governance meetings. We undertake horizon scanning to identify changes in the regulatory landscape and how these will impact on the services we provide.

Where areas of non-compliance are identified, we work with Atos to develop solutions to bring us back in line with our obligations.

## 7. Outsourced service risk

Outsourced service risk relates to the ongoing viability of outsourced services as the current contract approaches its expiry date.

### Mitigation

NS&I's business processing contract with Atos ends in 2024. In 2021, we shared our strategic intentions with Atos to disaggregate the current business model and procure four separate contracts. Atos have embraced these changes positively and there has been no deterioration in conduct. Ethical walls have been formed between NS&I and Atos to ensure procurement legislation is followed and robust competition for each contract can take place.

## 8. Future Operating Model risk

Future Operating Model risk relates to NS&I not having the skills and expertise required to design effective and efficient future outsourcing arrangements, resulting in unaffordable operating costs for the Future Operating Model.

### Mitigations

NS&I has taken steps to prepare for the mandatory retender of our outsourced supplier contract, which ends in 2024. We are recruiting expertise to our business to help us design and implement this new model and ensure that we are able to procure partners that will be able to deliver.

## 9. NS&I capability and resource risk

NS&I capacity and resource risk is the risk that NS&I has insufficient staff or financial resource to successfully deliver projects to prepare for the contract retender in 2024, alongside business-as-usual activity.

### Mitigation

The Rainbow Programme's funding includes an allocation for staff resources, to deliver projects that will manage risk and facilitate change to our business model.

## Board members' biographies

### Non-executive Directors



**Ed Anderson CBE**  
**Independent Non-executive Director and Chair**

Ed was appointed as a Non-executive Director on 1 February 2016 and was appointed Chair on 1 January 2017.

Ed is currently Lord-Lieutenant of West Yorkshire. He was Chairman of the Yorkshire Building Society from 2007 to 2015. He was Managing Director of Leeds Bradford Airport for 10 years and, until August 2019, was Chairman of the Airport Operators Association (AOA).

He is also a former President, and Chairman, of Leeds Chamber of Commerce and is a director of a number of other public and voluntary sector organisations in Yorkshire, including being a member of the Council of the University of Leeds, chairing its Audit and Risk Committee. Ed is an economics graduate and a qualified accountant.

Ed was awarded a CBE in the New Years Honours List 2022, for services to the Financial Sector and Public Life in Yorkshire.

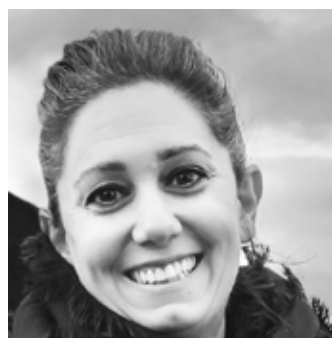


**Christopher Fisher**  
**Independent Non-executive Director and Chair of the Appointments and Remuneration Committee**

Christopher Fisher became a Non-executive Director on 1 March 2017. His term was extended until the end of February 2022. He was Chair of the Appointments and Remuneration Committee until 31 August 2021.

He chaired the Marshall Scholarship Programme on behalf of the Foreign Office, served as a Non-executive Director of SEGRO, the FTSE 100 property company, and was a senior adviser to Penfida, the corporate finance adviser to pension scheme trustees.

Until 2016 he served as Chair of Bank of Ireland UK, the financial services partner of the Post Office® and the AA, and as President of the Council of the University of Reading. His previous appointments include senior roles with Lazard, KPMG and Penfida, and as a trustee of the Imperial War Museum.



**Nina Hingorani-Crain**  
**Independent Non-executive Director**

Nina was appointed as a Non-executive Director in November 2021.

Nina has had a diverse 25-year career, with high-profile roles in the corporate, public, regulatory and charity sectors. Her executive career has largely been in financial services and includes 10 years advising UK and global financial services organisations, followed by 10 years in senior roles at the UK's financial regulator, including as Chief of Staff and Principal Private Secretary to the Chair during the global financial crisis. After leading the establishment of the Financial Conduct Authority, since 2015 Nina has focused on a non-executive career. During 2021–22 Nina was on the Board of the Charity Commission for England & Wales, a London mental and community health NHS Foundation Trust, and the National Residential Landlords' Association.



**Jill Lucas**  
**Independent Non-executive Director and Chair of the Appointments and Remuneration Committee**

Jill was appointed as a Non-executive Director on 1 February 2019. Her term of appointment was renewed on 1 February 2022, until 31 January 2025. She became Chair of the Appointments and Remuneration Committee on 1 September 2021.

Jill has spent all her career in technology and is currently undertaking a digital transformation at US healthcare system Mass General Brigham after a similar role at Unilever. Before this she served as Chief Information Officer at both Towergate Insurance and Belron International.

In her early career, she undertook many technology leadership roles at Reuters (now Thomson Reuters), Barclays and Sainsbury's.



**Sharmila Nebhrajani OBE**  
**Independent Non-executive Director and Chair of the Audit and Risk Committee**

Sharmila is Chair of the National Institute for Health and Care Excellence (NICE) the organisation that is responsible for assessing the clinical and cost effectiveness of medical innovations in the UK's National Health Service.

She was Chief Executive at Wilton Park, an executive agency of the UK Foreign and Commonwealth Office, convening international dialogues for senior policy makers from around the world involved in tackling the most pressing issues in global affairs. She also spent 15 years at the BBC, latterly as Chief Operating Officer for BBC Future Media & Technology, managing the business functions of bbc.co.uk and the development and launch of the iPlayer.

She is a Chartered Accountant and holds a broad range of Non-executive Directorships, including Halma plc, Severn Trent plc, ITV plc and Coutts Bank.

Sharmila read Medicine at St Anne's College, Oxford, graduating with first class honours in Physiological Sciences and is a World Fellow at the University of Yale since 2007. She has served on the board of the Medical Research Council and as Chief Executive of the Association of Medical Research Charities and was made an OBE in 2014 for services to Medical Research.



**Azin Roussos**  
**HM Treasury representative**

Azin was appointed to the board as HM Treasury's representative on 1 December 2020.

Azin is one of two Deputy Directors for the Debt and Reserves Management team in HM Treasury. In her role she has lead responsibility for advising on debt financing through the government-backed savings organisation, NS&I.

Azin was appointed to the NS&I board as HM Treasury's representative in December 2020. Her team are also responsible for managing the UK's official reserves, coinage policy, and a range of Bank of England issues (notes, market interventions and shareholder interest).

She also sits on the Themes Subcommittee of the Royal Mint Advisory Committee on the Design of Coins, Medals, Seals and Decorations.

## Executive Directors



### **Ian Ackerley** Chief Executive and Accounting Officer

Ian Ackerley was appointed as NS&I Chief Executive on 13 March 2017.

Immediately before joining NS&I, Ian was at Barclays, which he joined in 2011 as Director of Investments, and where he was responsible for Barclays' UK retail investment business.

Ian has over 20 years' experience in the UK retail financial services industry. His previous roles include Managing Director of Investments and Pensions at Virgin Money, Managing Director of Sun Life International, and working as a consultant with McKinsey & Company.

Ian has a BSc in psychology from the University of St Andrews and holds an MBA from London Business School. He began his career with Royal Dutch Shell.



### **Ruth Curry** Finance Director

Ruth Curry joined NS&I on 1 July 2019, formally taking on Finance Director responsibilities on 15 July. She has extensive Civil Service experience, starting her career in the Cabinet Office and undertaking a wide variety of policy roles.

Having qualified as an accountant in 2006, Ruth has held senior finance roles in a number of departments, including as Acting Director of Finance and Business Services latterly at HM Land Registry.

Before joining the Civil Service, Ruth was a solicitor working on company and commercial issues in the City of London. She studied law at Lancaster University, completed her legal studies at Guildford College of Law, and undertook her articles with Stephenson Harwood LLP.



### **Dax Harkins** Business-to-Business Director

Dax was appointed to the board in 2014 as Business-to-Business Director. He joined NS&I in 2003 and moved from marketing in 2011 to Programme Director for the retender of the NS&I outsourcing contract.

A joint honours degree graduate of the University of Manchester Institute of Science and Technology, Dax has worked in financial services for more than 20 years. Starting his career in sales, Dax quickly progressed into various marketing roles, with a focus on product development, customer management and customer experience.

Dax became a Chartered Director in 2018.



**Gareth Headon**  
**Acting People and Strategy Director**

Gareth was appointed as Acting Director, People and Strategy, in February 2021. He leads a range of corporate functions including strategy, communications, market research and insight, workplace, culture and human resources.

Previously, Gareth was Assistant Director, Communications and Strategy. Gareth joined NS&I in 2008 initially as Head of Media and then Head of Communications leading on all internal and external communications activity.

Prior to NS&I, Gareth spent six years with Eurostar where he worked across corporate and consumer PR and government relations. Gareth also worked for two years in *Which?* magazine’s press office and began his career at a PR agency working with clients in the technology sector.



**Paul Henry**  
**Risk Director**

Paul was appointed as Risk Director on 7 July 2018. Paul has over 20 years’ experience in the banking sector leading risk, audit and compliance teams supporting retail, SME and corporate business lines. Most recently Paul was Interim Risk Director for the BGL Group and prior to that Head of Internal Audit at Santander, covering regulatory, operational and conduct risk. He has also led compliance teams at Barclays Bank and the Royal Bank of Scotland.

Paul oversees the management of legal and regulatory compliance for NS&I as both a financial services organisation and a government body in a way that is consistent and compliant with the requirements of regulators, auditors and central government, including compliance with the FCA regulations as they apply to NS&I.





**Matthew Smith**  
**Chief Operating Officer**

Matt joined NS&I in August 2018 and brings over 25 years of global experience leading sourcing, operational excellence and business transformation initiatives to deliver customer-focused outcomes.

He is responsible for the delivery of the NS&I outsourcing business model and the relationship with our key partner, Atos, including IT services and change delivery, commercial assurance, procurement and supply chain management. He is also Senior Responsible Owner (SRO) for the Rainbow Programme.

Matt was most recently Director of EMEA Supply Chain for DXC Technology (DXC), an end-to-end IT services and solutions company, during a period of major change before, during and after the creation of DXC through the merger of Computer Sciences Corporation and HP Enterprise Services. Before DXC, Matt had a long career with the Dun & Bradstreet Corporation, where he became Global Vice-President and Chief Procurement Officer with responsibility for sourcing and third-party compliance.

Matt is a certified practitioner of Managing Successful Programmes and a recipient of the annual Institute of Consulting award for best internal consulting project



**Jill Waters**  
**Retail Director**

Jill was appointed as Retail Director in March 2018 having previously been Acting Retail Director. She is responsible for leading the development, management and growth of the retail business on behalf of NS&I, which includes customer offer, marketing and sales, brand, product management, retail experience and complaints.

In her time at NS&I, Jill has also held the following roles: Head of Sales and Operational Delivery, Head of Digital Channels and Assistant Director for Retail.

In 2001, Jill joined NS&I from Yorkshire Electricity, where she was responsible for the customer and sales strategy for the newly developed privatised consumer utility markets. Prior to that Jill was an independent financial adviser, following many years at Norwich Union advising on pensions and life insurance.

Jill is a member of the Chartered Management Institute, the Institute of Financial Services and the Association of Business Psychology.

**Ian Ackerley**  
**Chief Executive and Accounting Officer**  
**National Savings and Investments**  
 22 June 2022

## Remuneration and staff report (2021–22)

### Appointments and Remuneration Committee

The Appointments and Remuneration Committee comprised Non-executive Directors Christopher Fisher (as Chair until October 2021 and as a member until January 2022), Ed Anderson and Jill Lucas (as Chair from November 2021). It also comprised two Executive Directors: the Chief Executive, Ian Ackerley, and Gareth Headon, Acting People and Strategy Director.

The committee scrutinises the Chief Executive's proposals on pay and performance-related awards to confirm that they are consistent with government policy, HM Treasury pay guidance and the needs of the business. NS&I's Service Delivery Measures performance measures were assessed by the GIAA, our internal auditors. Individual performance objectives are assessed by the Chief Executive using appropriate measures of outcomes.

The committee also advises on the role and appointment of executive NS&I board members. The committee reviews succession planning arrangements for senior staff and Non-executive Directors within NS&I for the board.

### Remuneration policy

The remuneration arrangements for senior staff are set out in their contracts and are subject to annual review in line with awards recommended by the Chief Executive.

The notice period for the majority of senior staff at NS&I is three months, with the exception of the Chief Executive, whose notice period is six months. The arrangements for early termination of senior staff contracts are made in accordance with the service contract of the relevant individual. Compensation for early termination is determined by the Civil Service Compensation Scheme.

With the exception of the Chief Executive, whose remuneration is determined by HM Treasury, executive board members' pay awards and performance-related pay are reviewed by the NS&I Appointments and Remuneration Committee, based on performance against targets of both NS&I and the individual Director. The People and Strategy Director is recused from all discussions and decisions made by the Appointments and Remuneration Committee in respect of their pay and performance.

Under the Chief Executive's contract, provided performance is satisfactory, their salary is adjusted by HM Treasury, with reference to the annual increase in salary bands for the Senior Civil Service laid down by the Cabinet Office in accordance with the Senior Salaries Review Body report. The position of Chief Executive could qualify for a performance award, depending on the achievement of targets set by HM Treasury.

Non-executive Directors have fixed-term appointments not exceeding three years. Normally, they can serve for two terms of office. Their remuneration is accounted for in 'other costs'. The details of their payments are shown in Table B on page 57.

### Salary and pension entitlements

The salary and pension entitlements of the executive board members are shown in Tables A and C on pages 55–56 and page 57 respectively. There were no taxable benefits in kind paid.

### Salary and performance-related pay

'Salary' includes gross salary and any other allowance to the extent that it is subject to UK taxation. Performance-related payments are made as part of NS&I's performance management system. The payments reported in 2021–22 relate to performance in 2020–21 and the comparative payments reported for 2020–21 relate to performance in 2019–20.

### Pay multiples (audited)

Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid Director in their organisation and the median total remuneration of the organisation's workforce. 'Total remuneration' includes salary and non-consolidated performance-related pay. It does not include employer pension contributions and the cash equivalent transfer value (CETV) of pensions. 'Workforce' includes agency/temporary workers covering staff vacancies.

The total remuneration of the highest-paid Director in NS&I in the financial year 2021–22 was £215,000–£220,000.

No employee received remuneration in excess of the highest-paid Director (including the Chief Executive) in 2021–22. Remuneration bands ranged from £20,000–£25,000 to £215,000–£220,000 in 2021–22. In 2020–21, remuneration bands ranged from £20,000–£25,000 to £220,000–£225,000 (annualised equivalent).

The ratio of the highest-paid Director (2021–22) was 4.6 times (2020–21: 4.5 times) the median remuneration of the workforce, which was £47,307 (2020–21: £49,000).



**TABLE A: Salary and performance-related pay entitlements of the executive board members of NS&I (audited)**

	2021-22					2020-21				
	Salary	Performance-related pay <sup>(1)</sup>	Benefits in kind <sup>(4)</sup>	Pension benefits <sup>(2)</sup>	Total	Salary	Performance-related pay <sup>(1)</sup>	Benefits in kind <sup>(4)</sup>	Pension benefits <sup>(2)</sup>	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Ian Ackerley</b> Chief Executive	195-200	20-25	0.4	75	290-295	195-200	25-30	n/a	75	295-300
<b>Ruth Curry</b> Finance Director	115-120	10-15	n/a	25	155-160	115-120	10-15	n/a	96	225-230
<b>Dax Harkins</b> B2B Director	110-115	15-20	0.4	31	160-165	110-115	15-20	n/a	51	180-185
<b>Gareth Headon<sup>(5)</sup></b> Acting People and Strategy Director	110-115	0-5	n/a	43	155-160	15-20 (110-115 annualised equivalent)	n/a	n/a	7	25-30 (115-120 annualised equivalent)
<b>Paul Henry</b> Risk Director	120-125	10-15	n/a	47	180-185	120-125	15-20	n/a	47	185-190
<b>Matthew Smith</b> Chief Operating Officer	135-140	15-20	n/a	54	205-210	135-140	15-20	n/a	54	205-210

(1) Performance-related payments are based on performance levels attained and are made as part of the appraisal process. Given the timing of the appraisal process, performance-related payments relating to 2021-22 are yet to be finalised. As a result, disclosure is based on the period in which payments are made rather than the performance year to which they relate. Performance-related payments in this report for 2021-22 are performance-related payments for the 2020-21 performance year, which were paid in September 2021. Performance-related payments for 2020-21 are performance-related payments for the 2019-20 performance year.

(2) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

(3) Calculations for remuneration median for workforce and ratio of highest-paid Director to median salary of the workforce are based on salary and performance-related pay.

(4) Benefits in kind are disclosed to the nearest £100. The monetary value of benefits in kind covers any benefits provided by NS&I and treated as taxable, such as gym membership subsidy.

(5) Gareth Headon was appointed Acting People and Strategy Director on 1 February 2021.

	2021-22	2021-22	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21	2020-21	2020-21
	Salary	Performance-related pay <sup>(1)</sup>	Benefits in kind <sup>(4)</sup>	Pension benefits <sup>(2)</sup>	Total	Salary	Performance-related pay <sup>(1)</sup>	Benefits in kind <sup>(4)</sup>	Pension benefits <sup>(2)</sup>	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Sarah Tebbutt<sup>(6)</sup></b> People and Strategy Director	n/a	n/a	n/a	n/a	n/a	100-105 (120-125 annualised equivalent)	15-20	n/a	48	165-170 (185-190 annualised equivalent)
<b>Jill Waters</b> Retail Director	120-125	10-15	n/a	4	140-145	120-125	15-20	n/a	36	170-175
<b>Band of highest-paid Director</b>	<b>195-200</b>	<b>20-25</b>	<b>0.4</b>	<b>75</b>	<b>290-295</b>	<b>195-200</b>	<b>15-20</b>	<b>n/a</b>	<b>75</b>	<b>295-300</b>
<b>Re-remuneration median for workforce<sup>(3)</sup></b>	<b>£47,307</b>				<b>£49,000</b>					
<b>Ratio of highest-paid Director to median salary of workforce<sup>(3)</sup></b>	<b>4.6</b>				<b>4.5</b>					

(6) Sarah Tebbutt left NS&I on 31 January 2021.

### Fair pay disclosure (audited)

The table below shows the ratio of the highest-paid Director (pay and benefits, excluding pension) compared with employees (pay and benefits, excluding pension) for the 25th, 50th and 75th percentile.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021-22	5.4:1	4.6:1	3.7:1

The median remuneration has decreased by 3.5% during 2021-22 when compared with 2020-21 (£47,307 in 2021-22 and £49,000 in 2020-21). The small decrease is due to employee turnover during 2021-22. The banded remuneration of the highest-paid Director decreased in 2021-22 when compared with 2020-21 (£215,000-£220,000 in 2021-22 and £220,000-£225,000 in 2020-21), mainly due to a decrease in bonus received. They did not receive an increase in base salary.

### Percentage change in total salary and bonuses for the highest-paid Director and the staff average

	2021-22	
	Total salary and allowances	Bonus payments
Staff average	1%	-19%
Highest-paid Director	-	-22%

	25th percentile 2021-22	Median 2021-22	75th percentile 2021-22
Salary	38,427	45,081	55,500
Total pay and benefits	40,012	47,307	58,382

**TABLE B: The remuneration of Non-executive Directors (audited)**

	2021-22	2020-21
	£000	£000
<b>Ed Anderson CBE</b> (Chair)	20-25	20-25
<b>Christopher Fisher</b> <sup>(1)</sup>	15-20	15-20
<b>Nina Hingorani-Crain</b> <sup>(2)</sup>	5-10 (15-20 annualised equivalent)	-
<b>Jill Lucas</b>	15-20	15-20
<b>Sharmila Nebhrajani OBE</b>	15-20	15-20

(1) Christopher Fisher left NS&I on 28 February 2022.

(2) Nina Hingorani-Crain joined NS&I on 1 November 2021.

**TABLE C: Pension benefits of the executive board members of NS&I (audited)<sup>(1)</sup>**

	Accrued pension at pension age as at 31 March 2022 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>Ian Ackerley</b> Chief Executive	20-25	2.5-5	325	252	49	0
<b>Ruth Curry</b> Finance Director	45-50 plus a lump sum of 90-95	0-2.5	859	805	7	0
<b>Dax Harkins</b> Business-to-Business Director	40-45	0-2.5	590	545	12	0
<b>Gareth Headon</b> Acting People and Strategy Director <sup>(2)</sup>	25-30	2.5-5	322	286	20	0
<b>Paul Henry</b> Risk Director	10-15	2.5-5	162	116	34	0
<b>Matthew Smith</b> Chief Operating Officer	10-15	2.5-5	145	102	30	0
<b>Jill Waters</b> Retail Director	30-35 plus a lump sum of 95-100	0-2.5 plus a lump sum of 0-2.5	751	731	4	0

(1) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

(2) Gareth Headon was appointed Acting People and Strategy Director on 1 February 2021.

### Civil Service pensions

From 1 April 2015, Alpha, a career average pension arrangement came into effect. The majority of Classic, Premium, Classic Plus and Nuvos members joined the scheme. Civil servants may be in one of five defined benefit schemes: either a final salary scheme (Classic, Premium or Classic Plus); or a whole career average scheme (Nuvos and Alpha). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year.

Pensions payable under Classic, Premium, Classic Plus, Nuvos and Alpha are increased annually in line with pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary related and range between 4.6% and 8.05% for Premium, Classic Plus, Nuvos and Alpha. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos, a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. In Alpha, a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.32% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Alpha benefits will be effective from normal state pension age without any early payment reduction. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8.0% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of two providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3.0% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of

centrally provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos. Alpha will be effective from normal state pension age.

Further details of the Civil Service pension arrangements are available at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash equivalent transfer values

Table C on page 57 shows each executive board member's CETV accrued at the beginning and the end of the reporting period. The table reflects the increase in CETV effectively funded by the employer. A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational and Personal Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

### Staff report

In total, we made 31 external permanent and fixed-term appointments in the year. These are summarised in the table on page 59. Full details of staff numbers can be found in Table 5 of the Departmental report on page 117.

## New permanent and fixed-term appointments made in 2021–22

	Non-executive Directors	Senior civil servants	Pay band 1	Pay band 2	Pay band 3	Pay band 4	Pay band 5	Pay band 6	Pay band 7
Male	-	-	-	-	2	7	3	4	1
Female	1	-	-	1	1	8	2	-	1
White	-	-	-	1	1	10	4	4	2
Non-white	1	-	-	-	1	2	1	-	-
Non-declared	-	-	-	-	1	3	-	-	-
Disabled	-	-	-	-	-	2	1	-	-

## NS&amp;I Executive Directors, senior managers and all employees at 31 March 2022

	Male	Female	Identify in some other way	Prefer not to say
Number of persons of each sex who were Executive Directors of NS&I at year end	5	2	0	0
The number of persons of each sex who were senior managers at year end <sup>(1)</sup>	25	14	0	0
The total number of persons who were employed at year end	104	95	0	1

(1) NS&I pay bands 2 and 3 combined.

As at 31 March 2022, NS&I employed one Senior Civil Servant (SCS) 3. In addition, NS&I employed 6 employees in roles equivalent to SCS 2 and 8 employees equivalent to SCS 1.

## Staff and related costs

Staff costs comprise (subject to audit):

	2021–22 Permanently employed UK staff	2021–22 Others	2021–22 Ministers	2021–22 Special advisers	2021–22 Total	2020–21 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	10,560	329	-	-	10,889	11,292
Social security costs	1,224	-	-	-	1,224	1,292
Other pension costs	2,603	-	-	-	2,603	2,769
<b>Subtotal</b>	<b>14,387</b>	<b>329</b>	<b>-</b>	<b>-</b>	<b>14,716</b>	<b>15,353</b>
Less recoveries in respect of outward secondments	-	-	-	-	-	-
<b>Total net costs</b>	<b>14,387</b>	<b>329</b>	<b>-</b>	<b>-</b>	<b>14,716</b>	<b>15,353</b>

## Average number of persons employed (audited)

The average number of whole-time equivalent persons employed during the year was as follows:

Activity	2021-22 Permanently employed UK staff 000	2021-22 Others 000	2021-22 Ministers 000	2021-22 Special advisers 000	2021-22 Total 000	2020-21 Total 000
Staff engaged on capital projects	-	-	-	-	-	-
<b>Total</b>	<b>196</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>202</b>
Core staff	196	3	-	-	199	202
<b>Total</b>	<b>196</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>202</b>

All NS&I staff costs are charged to administration costs as defined under the *Government Financial Reporting Manual*. There are no staff costs charged to programme costs.

## Employee turnover

A key people metric for NS&I to measure is employee turnover. NS&I reviews the impact of turnover in two ways: unplanned employee turnover (unplanned departures, e.g. resignations) and gross turnover (unplanned and planned departures, e.g. end of fixed-term contracts).

NS&I reviews its employee turnover data against relevant industry benchmarks. NS&I has set a target of 15% for unplanned employee turnover and, for the past two years, has been below the target. However, we have experienced a material increase in resignations during 2021-22, as colleagues have taken advantage of a recovering employment market and left NS&I (in most cases) for well-paying roles in the private sector.

	2021-22	2020-21
Average unplanned employee turnover	8.10%	6.40%
Average gross employee turnover	12.67%	10.86%

## Reporting of Civil Service and other compensation schemes – exit packages (audited)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21
<£10,000	-	-	-	1	-	1
£10,000-£25,000	-	-	-	1	-	1
£25,000-£50,000	-	-	-	-	-	-
£50,000-£100,000	-	-	-	-	-	-
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	-	-	-	-	-
<b>Total cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>£15,000-£20,000</b>	<b>-</b>	<b>£15,000-£20,000</b>

### Pension costs

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS) – known as ‘Alpha’ – are unfunded multi-employer defined benefit schemes but NS&I is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Further details are available in the Resource Accounts of the Cabinet Office: Civil Superannuation at [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

For 2021–22, employer contributions of £2,492,209 were payable to the PCSPS (2020–21: £2,640,413) at one of four rates in the range 26.6% to 30.3% (2020–21: 26.6% to 30.3%) of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021–22 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution. Employer contributions of £106,761 (2021–22: £124,059) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0% to 14.75% (2019–20: 8.0% to 14.75%) of pensionable earnings. Employers also match employee contributions up to 3.0% of pensionable earnings.

In addition, employer contributions of £4,225, 0.5% of pensionable earnings were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees (2020–21: £4,907, 0.5% of pensionable earnings). Contributions due to the partnership pension providers at the Statement of financial position date were Nil (2020–21: Nil). Contributions prepaid at that date were Nil.

### Recruitment monitoring

We operate fair and open competition for all recruitment in line with the Civil Service Commissioners’ guidelines. Appointments are made against robust criteria, which are applied throughout the recruitment and assessment process. Of the 31 new employees who commenced employment during 2021–22, 21 were fixed-term appointments to meet short-term business needs (maternity cover or roles to cover a short-term resource requirement) and were recruited through the recruitment principle of fair and open competition.

We review applications against the selection criteria, anonymise personal details and educational dates and establishments. We review diversity breakdowns to ensure that the criteria are fair and robustly applied. We submit an annual audit return to the Office of the Civil Service Commissioners which summarises campaigns, policy and processes. All activities may then be subject to a further audit review by the Civil Service Commissioners, and campaign files are kept for two years to comply with these requirements.

### Pay and reward

Upon the release of the Civil Service pay guidance 2022–23, we will agree a salary budget from HM Treasury, called our delegated pay remit, which we allocate in line with our reward principles (available on request) and within Civil Service guidelines. This includes performance-related pay. As part of the Government’s deficit reduction strategy, and in line with the approach being taken across the public sector, our pay remit reflected the Government’s pay pause for civil servants.

Details of executive pay and performance-related pay can be found on pages 55 and 56. Details of our board Directors’ expenses can also be found online at <https://nsandi-corporate.com/governance/who-we-are> Reward for individual senior staff members is approved by our Appointments and Remuneration Committee.

### Business Appointment Rules

Any employee leaving NS&I for a competitor or a supplier/partner business is required to complete an application under the Business Appointment Rules to enable NS&I to assess the risk of any conflict and to ensure that any necessary mitigants are implemented. Employees leaving through retirement are also briefed on the Business Appointment Rules.

### Pension liabilities

During 2021–22, the majority of our current and previous employees were covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The rate of employer’s contribution to this is determined by the Government Actuary and advised by HM Treasury. For 2021–22, the rates were between 26.6% and 30.3% (2020–21: 26.6% and 30.3%) of pensionable pay, depending on salary. From 1 April 2015, a new pension scheme known as Alpha was introduced across the Civil Service. Of our current staff, the majority moved to this scheme. However, most of those who were within 10 years of retirement stayed with the PCSPS. See above and page 58 for further details.

### Diversity and equal opportunity

NS&I actively promotes a culture that values difference and recognises that diversity enriches the economy and society and is an essential ingredient of change and progress.

NS&I seeks to be open and inclusive in its management policies and processes and seeks to recruit and develop a diverse and talented workforce that is representative of the society it serves. Our refreshed Equality and Diversity Information Statement provides full details of the diversity of NS&I’s employees. It is available here: <https://nsandi-corporate.com/careers/how-we-recruit>

NS&I is one of more than 350 signatories to the Women in Finance Charter, led by HM Treasury.



## Gender pay gap

In 2017, the Government introduced legislation that made it statutory for organisations with 250 or more employees to report annually on their gender pay gap; the first reporting deadline was 4 April 2018. Civil Service departments and arm's-length bodies with 250 or more employees on 31 March 2020 are covered by these regulations for reporting in 2021–22. NS&I employs fewer than 250 employees; however, NS&I voluntarily publishes gender pay gap data in our Equality and Diversity Information Statement: <https://nsandi-corporate.com/careers/how-we-recruit>

Based on the 'snapshot' date of 31 March 2021, NS&I's gender pay gap data is as follows:

	%	
Mean gender pay gap – Ordinary pay	13.6	
Median gender pay gap – Ordinary pay	10.9	
Mean gender pay gap – Bonus paid in the 12 months ending 31 March	21.8	
Median gender pay gap – Bonus paid in the 12 months ending 31 March	12.3	
<b>The proportion of male and female employees paid a bonus in the 12 months ending 31 March</b>		
Male	89.7	
Female	94.1	
<b>Proportion of male and female employees in each quartile</b>		
Quartile	Female %	Male %
Lower quartile	53.1	46.9
Lower middle quartile	71.4	28.6
Upper middle quartile	40.8	59.2
Upper quartile	38.8	61.2

In prior years, NS&I calculated gender pay gap data using salary at year end (i.e. 31 March 2020) and bonus figures paid out in the following financial year but which relate to performance in the previous financial year (i.e. performance in the year ending 31 March 2020). This year we have changed our approach: salary data is still as at 31 March (so, 31 March 2021) but bonus data relates to the amount paid to the employee in the same financial year (so, 2020–21). This is consistent with how we report this data elsewhere.

NS&I is committed to fairness and transparency in our pay and we need to continue to analyse and understand the reason for the pay gap and continue to take action to reduce the gap in future years.

## Sick absence data

The average number of sick days per person in the 12 months ending 31 March 2022 was 3.27 days (2020–21: 4.59). This figure covers all absences including long-term absence. Short-term absences were 1.78 days (2020–21: 1.89). Overall, sickness absence levels at NS&I are below the Civil Service benchmark.

## Trade Union Facility Time

The Department is required, by the Trade Union (Facility Time Publication Requirements) Regulations 2017, which came into force on 1 April 2017, to disclose the number of hours spent on facility time by employees who are relevant union officials during the reporting period, which are paid by the Department.

Facility time is recognised as the time an employee has spent on paid trade union activities where the employee has received wages from the Department.

### Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	0.019

### Table 2: Percentage of time spent on facility time

The number of employees who were relevant union officials employed during 2020–21, who spent a) 0%, b) 1%–50%, c) 51%–99% or d) 100% of their working hours on facility time.

Percentage of time	Number of employees
0%	0
1–50%	3
51–99%	0
100%	0

### Table 3: Percentage of pay bill spent on facility time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during 2021–22.

Total cost of facility time (£000)	£1.9
Total pay bill (£000)	£14,754.5
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.013%

### Table 4: Paid trade union activities

As a percentage of total paid facility time hours, the number of hours spent by employees who were relevant union officials during 2021–22 on paid trade union activities.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

## Off-payroll engagements

**Table 1: For all off-payroll engagements as of 31 March 2022**

<b>Number of existing engagements as of 31 March 2022</b>	<b>7</b>
<i>of which:</i>	
Number that have existed for less than one year at time of reporting	7
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

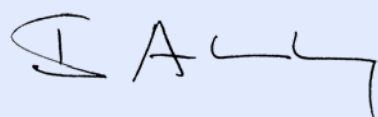
**Table 2: All temporary off-payroll workers engaged at any point during the year ended 31 March 2022**

<b>Number of off-payroll workers engaged during the year ended 31 March 2022</b>	<b>12</b>
<i>of which:</i>	
Number determined as in scope of IR35	12
Number determined as out of scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
<i>of which:</i> number of engagements that saw a change to IR35 status following review	0
Number of engagements where the status was disputed under provisions in the off-payroll legislation	0
<i>of which:</i> Number of engagements that saw a change to IR35 status following review	0

**Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022**

Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off payroll that have been deemed “board members, and/or senior officials with significant financial responsibility”, during the financial year. This figure should include both on-payroll and off-payroll engagements. <sup>(1)</sup>	12

(1) This includes Executive and Non-executive Directors as detailed on pages 55 to 57 in Tables A and B relating to 2021–22.



**Ian Ackerley**  
**Chief Executive**  
**National Savings and Investments**  
 22 June 2022

## Parliamentary accountability and audit report

### Statement of Outturn against Parliamentary Supply (SoPS)

In addition to the primary statements prepared under IFRS, the *Government Financial Reporting Manual (FRM)* requires National Savings and Investments to prepare a Statement of Outturn against Parliamentary Supply (SoPS) and supporting notes. The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion. The format of the SoPS mirrors the Supply Estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (SoPS note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoPS to the Financial Statements (SoPS note 2); a reconciliation of outturn to net cash requirement (SoPS note 3); and an analysis of income payable to the Consolidated Fund (SoPS note 4).

#### Summary of resource and capital outturn

		2021–22			2020–21				
SoPS note	Estimate			Outturn			Voted outturn compared with Estimate: savings/ (excess)	Outturn	
	Voted	Non-voted	Total	Voted	Non-voted	Total		Total	
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Departmental Expenditure Limit (DEL)</b>									
– Resource	1.1	164,320	–	<b>164,320</b>	156,260	–	<b>156,260</b>	8,060	<b>162,258</b>
– Capital	1.2	661	–	<b>661</b>	58	–	<b>58</b>	603	<b>16</b>
<b>Annually Managed Expenditure (AME)</b>									
– Resource	1.1	2,300	–	<b>2,300</b>	–	–	–	2,300	–
– Capital		–	–	–	–	–	–	–	–
<b>Total budget</b>		<b>167,281</b>	–	<b>167,281</b>	<b>156,318</b>	–	<b>156,318</b>	<b>10,963</b>	<b>162,274</b>
<b>Total</b>		<b>167,281</b>	–	<b>167,281</b>	<b>156,318</b>	–	<b>156,318</b>	<b>10,963</b>	<b>162,274</b>
Total resource	1.1	166,620	–	166,620	156,260	–	156,260	10,360	162,258
Total capital	1.2	661	–	661	58	–	58	603	16
<b>Total</b>		<b>167,281</b>	–	<b>167,281</b>	<b>156,318</b>	–	<b>156,318</b>	<b>10,963</b>	<b>162,274</b>

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on GOV.UK, for detail on the control limits voted by Parliament.

**Net cash requirement**

SoPS note	2021-22		2021-22		2020-21
	Estimate		Outturn	Net total outturn compared with Estimate: saving	Outturn
	£000		£000	£000	£000
3	<b>171,131</b>		145,049	26,082	162,709

**Administration costs**

	2021-22		2021-22	2021-22	2020-21
	Estimate		Outturn	Net total outturn compared with Estimate: saving	Outturn
	£000		£000	£000	£000
	<b>164,320</b>		156,260	8,060	162,258

Figures in the areas outlined in **bold** are voted totals or other totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the Administration Budget will also result in an excess vote.

Explanations of variances between Estimate and outturn are given in SoPS note 1 and in the Management Commentary.

The notes on pages 67 to 70 form part of these accounts.

## Notes to the Statement of Outturn against Parliamentary Supply (SoPS)

### SoPS1 Net outturn

#### SoPS1.1 Analysis of net resource outturn by section

	2021-22										2020-21
	Outturn							Estimate			Outturn
	Administration			Programme				Total	Net total	Net total compared with Estimate	£000
	Gross	Income	Net	Gross	Income	Net	£000				
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
<b>Spending in DEL</b>											
<b>Voted</b>											
Administration	209,364	(53,104)	156,260	-	-	-	156,260	164,320	8,060	162,258	
<b>Spending AME</b>											
<b>Voted</b>											
Administration	-	-	-	-	-	-	-	2,300	2,300	-	
<b>Total</b>	<b>209,364</b>	<b>(53,104)</b>	<b>156,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,260</b>	<b>166,620</b>	<b>10,360</b>	<b>162,258</b>	

	2021-22	
<b>Difference between resource outturn and Estimate</b>	£000	£000
Lower programme costs	3,430	
Lower depreciation costs	2,215	
Lower staff costs	2,477	
Other difference	(62)	
<b>Total DEL underspend</b>		<b>8,060</b>
Lower requirement for provisions	2,300	
<b>Total AME underspend</b>		<b>2,300</b>
<b>Total underspend against Estimate</b>		<b>10,360</b>

#### SoPS1.2 Analysis of net capital outturn by section

	2021-22					2020-21
	Outturn			Estimate		Outturn
	Gross	Income	Net	Net	Net total compared with Estimate	Net
<b>Spending in DEL</b>						
<b>Voted</b>						
Administration	58	-	58	661	603	16
<b>Total</b>	<b>58</b>	<b>-</b>	<b>58</b>	<b>661</b>	<b>603</b>	<b>16</b>

The capital outturn disclosed above excludes capitalised PPP provider assets that are brought onto NS&I's Statement of financial position through the application of IFRIC 12.

**SoPS2 Reconciliation of outturn to net operating expenditure**

	SoPS note	2021–22 £000	2020–21 £000
<b>Total resource outturn</b>		156,260	162,258
	1.1	<b>156,260</b>	<b>162,258</b>
<b>Add:</b>			
Income transferred from deferred income to operating income		(4,272)	(6,495)
PPP asset depreciation		923	1,526
PPP asset amortisation		17,782	19,808
PPP asset revaluation (gain)/loss		-	-
PPP asset impairment		-	-
PPP asset loss on disposal		367	925
Capital Grant in Kind to Central Government		-	2,177
		<b>14,800</b>	<b>17,941</b>
<b>Less:</b>			
Transfer of PPP costs to capital		(12,144)	(31,145)
		<b>(12,144)</b>	<b>(31,145)</b>
<b>Net operating cost in Statement of comprehensive net expenditure</b>		<b>158,916</b>	<b>149,054</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS.

Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

**SoPS3 Reconciliation of net resource outturn to net cash requirement**

	SoPS note	2021–22 Estimate £000	2021–22 Outturn £000	2021–22 Net total outturn compared with Estimate: saving/ (excess) £000	2020–21 Outturn £000
<b>Resource outturn</b>	1.1	166,620	156,260	10,360	162,258
<b>Capital outturn</b>					
- Addition of property, plant and equipment	1.2	661	58	603	16
- Addition of intangible assets	1.2	-	-	-	-
<b>Accruals to cash adjustments</b>					
Adjustments to remove non-cash items:					
- Depreciation		(2,400)	(185)	(2,215)	(222)
- New provisions and adjustments to previous provisions		(2,300)	-	(2,300)	-
- Other non-cash items		(450)	(450)	-	(450)
Adjustments to reflect movements in working balances:					
- Increase/(decrease) in receivables		4,000	(308)	4,308	(130)
- Decrease/(increase) in payables		5,000	(10,326)	15,326	1,237
- Use of provisions		-	-	-	-
<b>Net cash requirement</b>		<b>171,131</b>	<b>145,049</b>	<b>26,082</b>	<b>162,709</b>



## SoPS4 Income payable to the Consolidated Fund

### SoPS4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in *italics*).

	2021–22 Outturn		2020–21 Outturn	
	Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Operating income outside the ambit of the Estimate	1	<i>1</i>	5	<i>5</i>
Excess cash surrenderable to the Consolidated Fund	–	–	–	–
<b>Total income payable to the Consolidated Fund</b>	<b>1</b>	<b><i>1</i></b>	<b>5</b>	<b><i>5</i></b>

## Parliamentary Accountability Disclosures (audited)

### 1 Losses and special payments

#### 1.1 Losses statement

At 31 March

	Accounts Note	2021–22 Number of cases	2021–22 £000	2020–21 Number of cases	2020–21 £000
Compensation payments		–	–	–	–
Fraud loss		–	–	–	–
Bad debts	3	–	–	–	–
Fruitless payments		–	–	–	–
Special payments		–	–	1	17
<b>Total</b>		<b>–</b>	<b>–</b>	<b>1</b>	<b>17</b>

Net fraud losses are shown in the Table below:

	2021–22 £000	2020–21 £000
Fraud (recoveries)	–	–
Reversal of fraud losses in provisions	–	–
Increase in provisions for fraud losses	–	–
Contracted fraud loss recovery	–	–
<b>Total net fraud credited to Statement of financial net expenditure</b>	<b>–</b>	<b>–</b>

### 1.1 Losses statement

Following the commencement of the new contract on 1 April 2014, Atos, NS&I's operational services provider is liable for any fraud losses that are incurred under the new contract. Previously the liability was shared equally once the amount of the fraud exceeded £300,000.

### 1.2 Special payments

NS&I made no special payments during 2021–22 which were agreed with HM Treasury (2020–21: £16,584.44).

### 2 Fees and charges

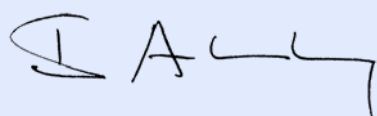
NS&I is required in accordance with HM Treasury's Managing Public Money to disclose results for the areas of its activities where fees and charges are levied. The analysis provided below is for fees and charges purposes and is not intended to meet the requirements of IFRS 8 Operating segments. Business-to-business activities are not managed as a separate division but as a series of independent projects.

	2021–22			2020–21		
	Gross income	Full cost	Surplus	Gross income	Full cost	Surplus
	£000	£000	£000	£000	£000	£000
Business-to-business	57,373	46,352	11,021	56,795	45,544	11,251

The financial objective of business-to-business is to recover the costs of providing payment services and make a contribution towards financing other costs. Investments that have been made in NS&I's capabilities have enabled NS&I to offset some of its costs by offering government and third parties payment processing services within agreed spending limits. From 2010–11, NS&I started developing its business-to-business activities. Currently NS&I is administering business-to-business activities for Ministry of Justice (Office of Accountant General (OAG)) with regard to Court of Funds, Tax-Free Childcare, the 30 hours free childcare scheme and Help to Save for HM Revenue & Customs (HMRC) and Help to Buy for HM Treasury for which we took on service delivery in April 2019.

### 3 Regularity of expenditure (subject to audit)

NS&I ensures that the concept of regularity is understood and complied with in all its operational activities. It ensures compliance with HM Treasury's Managing Public Money. There are no regularity issues to report.



**Ian Ackerley**  
**Chief Executive**  
**National Savings and Investments**  
 22 June 2022

# The certificate and report of the Comptroller and Auditor General to the House of Commons (Resource Accounts)

## Opinion on financial statements

I certify that I have audited the financial statements of National Savings and Investments for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The financial statements comprise: National Savings and Investments'

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2022 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of National Savings and Investments in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have

fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that National Savings and Investments' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Savings and Investments' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipates that the services which they provide will continue into the future.

## Other information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

**Opinion on other matters**

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

**Matters on which I report by exception**

In the light of the knowledge and understanding of National Savings and Investments and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury’s Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

**Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;

- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing National Savings and Investment’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by National Savings and Investment will not continue to be provided in the future.

**Auditor’s responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of National Savings and Investment’s accounting policies, key performance indicators and performance incentives.
- Inquiring of management, National Savings and Investments’ head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Savings and Investments’ policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including National Savings and Investments’ controls relating to National Savings and Investments’ compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Savings and Investments for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of National Savings and Investments’ framework of authority as well as other legal and regulatory frameworks in which National Savings and Investments operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of National Savings and Investments. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, employment law and applicable tax legislation and regulations.

**Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of

journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

**Other auditor’s responsibilities**

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 27 June 2022**

**Comptroller and Auditor General**

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



## The certificate and report of the Comptroller and Auditor General to the House of Commons (Product Accounts)

### Opinion on financial statements

I certify that I have audited the financial statements of the Product Accounts of National Savings and Investments for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The financial statements comprise National Savings and Investments' Product Account's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Income and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Product Accounts of National Savings and Investments' affairs as at 31 March 2022 and its income less costs for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of National Savings and Investments in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that National Savings and Investments' Product Account's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on National Savings and Investments' Product Account's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for National Savings and Investments is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

### Matters on which I report by exception

In the light of the knowledge and understanding of National Savings and Investments and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by National Savings and Investments or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error; and

- assessing National Savings and Investments’ Product Account’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by National Savings and Investments will not continue to be provided in the future.

### Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the National Savings and Investments’ Product Account’s accounting policies and key performance indicators
- Inquiring of management, National Savings and Investments’ head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Savings and Investments’ Product Account’s policies and procedures relating to:



- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including National Savings and Investments’ controls relating to the National Savings and Investments’ compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within National Savings and Investments for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in accounting estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of National Savings and Investments’ framework of authority as well as other legal and regulatory frameworks in which National Savings and Investments operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of National Savings and Investments. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, the National Savings (Amendment) Regulations 2019, The National Savings (No 2) Regulations 2015 and The National Savings Regulations 2015.

**Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;

- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

**Other auditor’s responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 27 June 2022**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# 03

## Financial Statements

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## Statement of comprehensive net expenditure for the period ending 31 March 2022

This account summarises the income generated and expenditure consumed on an accruals basis. It also includes other comprehensive income and expenditure,

which includes changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2021–22 £000	2020–21 £000
Income from sale of goods and services	4	(57,373)	(56,699)
Other operating income	4	(3)	(110)
<b>Total operating income</b>		<b>(57,376)</b>	<b>(56,809)</b>
Staff costs	2	14,716	15,353
Purchase of goods and services	3	181,870	165,402
Depreciation and impairment charges	3	19,256	24,658
Other operating expenditure	3	450	450
<b>Total operating expenditure</b>		<b>216,292</b>	<b>205,863</b>
<b>Net operating expenditure</b>		<b>158,916</b>	<b>149,054</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to net operating costs:			
– Net (gain) on revaluation of non-current assets	12	(4,134)	(546)
<b>Comprehensive net expenditure for the year</b>		<b>154,782</b>	<b>148,508</b>

All income and expenditure is derived from continuing operations.

The notes on pages 82 to 95 form part of these accounts.

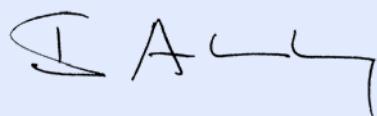
## Statement of financial position as at 31 March

This statement presents the financial position of the Department. It comprises three main components:

assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Non-current assets</b>					
Property, plant and equipment	5	2,623		3,204	
Intangible assets	6	64,290		66,628	
<b>Total non-current assets</b>			<b>66,913</b>		<b>69,832</b>
<b>Current assets</b>					
Trade and other receivables	8	2,553		2,862	
Cash and cash equivalents	9	217		3,066	
Client funds	10	96,761		70,087	
<b>Total current assets</b>			<b>99,531</b>		<b>76,015</b>
<b>Total assets</b>			<b>166,444</b>		<b>145,847</b>
<b>Current liabilities</b>					
Trade and other payables	11	(27,306)		(23,174)	
Client funds: liability to HM Treasury, HMRC	10	(96,761)		(70,087)	
<b>Total current liabilities</b>			<b>(124,067)</b>		<b>(93,261)</b>
<b>Total current assets less current liabilities</b>			<b>42,377</b>		<b>52,586</b>
<b>Non-current liabilities</b>					
Trade and other payables	11	(3,530)		(4,456)	
<b>Total non-current liabilities</b>			<b>(3,530)</b>		<b>(4,456)</b>
<b>Total assets less total liabilities</b>			<b>38,847</b>		<b>48,130</b>
<b>Taxpayers' equity</b>					
General Fund			34,144		47,175
Revaluation reserve	12		4,703		955
<b>Total equity</b>			<b>38,847</b>		<b>48,130</b>

The notes on pages 82 to 95 form part of these accounts.



**Ian Ackerley**  
Chief Executive  
National Savings and Investments  
22 June 2022

## Statement of cash flows as at 31 March

The Statement of cash flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of

service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

	Note	2021-22 £000	2020-21 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(158,916)	(149,054)
Adjustment for non-cash transactions	3	19,706	25,108
Decrease in trade and other receivables	8	308	130
Increase/(Decrease) in trade and other payables	11	3,794	(7,620)
<b>Net cash outflow from operating activities</b>		<b>(135,108)</b>	<b>(131,436)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(823)	(404)
Purchase of intangible assets	6	(11,380)	(30,758)
Increase/(Decrease) increase in capital payables	11	2,262	(111)
<b>Net cash flows from investing activities</b>		<b>(9,941)</b>	<b>(31,273)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		145,266	165,775
To the Consolidated Fund (Supply) – prior year		(3,066)	(444)
<b>Net cash flows from financing activities</b>		<b>142,200</b>	<b>165,331</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>(2,849)</b>	<b>2,622</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		1	5
Payments of amounts due to the Consolidated Fund		(1)	(5)
Receipt received from Consolidated Fund due to overpayment to Consolidated Fund in 2019-20		-	29
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	9	<b>(2,849)</b>	<b>2,651</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>3,066</b>	<b>415</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>217</b>	<b>3,066</b>

Cash flows regarding client funds are not included as those monies are not accounted for through the Consolidated Fund.

The notes on pages 82 to 95 form part of these accounts.

## Statement of changes in taxpayers' equity as at 31 March

This statement shows the movement in the year on the different reserves held by NS&I, analysed into 'General Fund and the revaluation reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The revaluation reserve reflects the change in asset

values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation reserve £000	Taxpayers' equity £000
<b>Balance at 1 April 2020</b>		<b>32,340</b>	<b>1,139</b>	<b>33,479</b>
<b>Changes in taxpayers' equity 2020-21</b>				
Net Parliamentary Funding – drawn down		165,331	-	165,331
Net Parliamentary Funding – deemed		444	-	444
Supply payable adjustment		(3,066)	-	(3,066)
		<b>162,709</b>	<b>-</b>	<b>162,709</b>
Net operating costs for the year		(149,054)	-	(149,054)
<b>Non-cash adjustments</b>				
Auditor's remuneration	3	450	-	450
Net gain on revaluation of non-current assets	12	-	546	546
		(148,604)	546	(148,058)
<b>Movements in reserves</b>				
Transfer between reserves	12	730	(730)	-
<b>Balance at 31 March 2021</b>		<b>47,175</b>	<b>955</b>	<b>48,130</b>
<b>Changes in taxpayers' equity 2021-22</b>				
Net Parliamentary Funding – drawn down		142,200	-	142,200
Net Parliamentary Funding – deemed		3,066	-	3,066
Supply payable adjustment		(217)	-	(217)
		<b>145,049</b>	<b>-</b>	<b>145,049</b>
Net operating costs for the year		(158,916)	-	(158,916)
<b>Non-cash adjustments</b>				
Auditor's remuneration	3	450	-	450
Net gain on revaluation of non-current assets	12	-	4,134	4,134
		(158,466)	4,134	(154,332)
<b>Movements in reserves</b>				
Transfer between reserves	12	386	(386)	-
<b>Balance at 31 March 2022</b>		<b>34,144</b>	<b>4,703</b>	<b>38,847</b>

The notes on pages 82 to 95 form part of these accounts.

## Notes to the Departmental Resource Accounts

### 1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2021–22 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NS&I for the purpose of giving a true and fair view has been selected. The particular policies adopted by NS&I for the accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. These are included in the Accountability Report.

Accounts direction for these departmental accounts is given by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000. NS&I also prepares the Product Accounts covering transactions and balances on all NS&I products, which are prepared under a separate direction issued by HM Treasury (disclosed in Annex 1 to the Product Accounts).

#### 1.1 Standards in issue but not in force

Certain standards, amendments and interpretations to existing standards have been published that may be mandatory for NS&I's accounting periods beginning on or after 1 April 2022 or later periods. NS&I has not early adopted the standards, amendments or interpretations described below.

**1.1.1 IFRS 16 Leases** – specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the term is 12 months or less or the underlying asset has a low value. Lessors will continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting unchanged from the previous standard IAS 17 Leases. The standard will impact on NS&I. The standard was to have become effective for annual reporting periods beginning on or after 1 January 2020; however, due to the Covid-19 pandemic the implementation of the standard has been deferred to 1 April 2022. The standard will bring £6.2 million onto NS&I's Statement of financial position

on 1 April 2022 as right of use assets. During 2022–23 additional depreciation and finance charges of £1.4 million are expected with a reduction of operating lease costs of £0.98 million.

#### 1.1.2 IFRS 17 Insurance Contracts

*IFRS 17 Insurance Contracts* will supersede IFRS 4 Insurance Contracts in periods beginning on or after 1 January 2021. However, implementation of this standard has not yet been included in the FReM. The standard is unlikely to result in any significant change for NS&I and may not have any impact at all.

#### 1.1.3 Other amendments to the FReM

Other amendments to the FReM due to come into effect on or after 1 April 2022 are considered to have no impact on NS&I.

#### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets.

#### 1.3 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out areas involving a higher degree of judgement, complexity, assumptions and estimation techniques, such as note 1.4 (Service concession arrangements), note 1.6 (Depreciation and amortisation), note 1.7 (Impairments) and note 1.13 (Provisions). In the application of NS&I's accounting policies, management has made a number of judgements that have a significant effect on the amounts recognised in the financial statements. The most significant of these are:

- Intangible assets – substantial amounts of software development costs have been capitalised since International Financial Reporting Interpretations Committee (IFRIC) 12 was implemented. Capitalisation of these costs requires considerable judgement.



Development work is being carried out to modernise NS&I's infrastructure, simplify its products and develop its business-to-business capability. NS&I capitalises the implementation costs of developments where future benefits will accrue. Management judgement has been applied in quantifying the benefit expected to accrue to NS&I over the useful life of the relevant assets. The benefits relate to the fact that such software allows NS&I to carry out its functions more efficiently and to leverage its capability. Where the software does not produce the expected benefits in terms of NS&I achieving its objectives or is no longer being used for the purpose it was developed for then the carrying value would require adjustment.

- Impairments – NS&I carries out a comprehensive review of the value of all asset categories with particular focus on those whose initial cost was over £50,000. The review is carried out at year end. Asset values are assessed as to whether the carrying value on the Statement of financial position is overstated in comparison to fair value, usually market value. Also, an assessment is carried out to ensure that the assets are performing to the levels determined in business cases and also on the organisation as a whole. This includes an assessment of assets under construction. NS&I management ensures as far as possible that asset carrying values reflect current values.
- Intangible asset impairments – for software development assets under construction, where there are significant changes to the proposed project solution, management judgement is applied in assessing the ongoing carrying value of the capitalised assets. Detailed assessments are carried out by technical experts with extensive experience within NS&I's outsourced provider, Atos, to identify work of ongoing benefit. These assessments are reviewed and considered by NS&I in forming its view on the value of its assets. Where carrying values are higher than the assessed current value, an impairment is recognised in the Statement of comprehensive net expenditure.

The most significant estimates are:

- Depreciation and amortisation – under IFRIC 12, depreciation costs have risen substantially since NS&I has included these assets on its Statement of financial position. Depreciation is dependent on the carrying values and useful economic lives that NS&I uses for its assets. NS&I management ensures as far as possible that the values used reasonably reflect NS&I's position.

#### 1.4 Service concession arrangements (Public Private Partnership)

NS&I follows the principles provided in IFRIC 12: Service Concession Arrangements, as interpreted and adapted by HM Treasury.

Service concession arrangements fall within the scope of IFRIC 12 where the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and the price; and the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the service arrangement.

Following a review of IFRIC 12, it was determined that NS&I's Public Private Partnership (PPP) contract with Atos falls within the scope of the FReM interpretation of this standard. Accordingly, the assets created or acquired under the contract are treated as assets of NS&I and recorded as non-current assets in the accounts.

NS&I capitalises all assets that are used by Atos for carrying out NS&I work. The main source of asset information is provided by Atos through its asset register. NS&I reviews all additions and disposals on a monthly basis and also ensures that carrying values of the assets brought onto the Statement of financial position are not in excess of their recoverable value. NS&I also brings onto its Statement of financial position project implementation work that is carried out by Atos which provides future economic benefits to NS&I.

Assets are recognised at an amount equal to the value of work performed by Atos where:

- a. it is probable that future economic benefits associated with the asset will flow to NS&I; and
- b. the cost of the asset can be measured reliably.

Further information regarding NS&I's service concession arrangements with Atos is provided in note 16.

#### 1.5 Non-current assets

Property, plant and equipment and intangible assets are initially recognised at cost. The threshold for capitalising non-current assets is £2,000. Where a significant purchase of individual assets which are individually below the prescribed capitalisation limit arises then the assets are grouped together for capitalisation purposes.

Assets under construction are valued at historical cost within non-current assets and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

Information technology software assets and the website are subsequently measured at fair value. As no active market exists for this asset category, information technology software is revalued at each reporting date using the Computer Service Producer Price Index produced by the Office for National Statistics.

Other non-current assets are carried at historical cost less accumulated depreciation. This is a suitable proxy for fair value and is allowable as per the FReM for those assets with short useful economic lives or low values. This includes assets held as fixtures and fittings, plant and machinery, IT equipment and intangible assets other than information technology software.

Any surplus arising on revaluation is credited to the revaluation reserve and any loss arising is debited to the revaluation reserve to the extent of the gains that have been recorded previously, with any balance being charged to the Statement of comprehensive net expenditure, within other comprehensive net expenditure. Components of an asset are separated where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of the asset.

### 1.6 Depreciation and amortisation

The charge for depreciation or amortisation is calculated to write down the cost or valuation of property, plant and equipment and intangible assets to their estimated residual values by equal instalments over their estimated useful lives. The useful lives of buildings are reviewed annually. Where a change in asset life is determined, the asset is depreciated on a straight-line basis over its remaining assessed life.

#### Property, plant and equipment

Freehold buildings	20 to 50 years
Information technology	3 to 10 years
Plant and machinery	5 to 15 years
Furniture and fittings	Shorter of remaining lease term or 5 to 20 years

#### Intangible assets

Information technology software	3 to 10 years
Software licences	3 to 10 years
Website	3 to 5 years
Assets under construction	Not depreciated

#### Other

Assets available for sale Not depreciated

### 1.7 Impairment of non-current assets

Impairments are permanent diminutions in the service potential of non-current assets. All assets are assessed annually for indications of impairment. If an indication of impairment exists, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use'. Within the public sector, the FReM defines 'value in use' of a non-

cash generating asset as the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

An impairment loss is recognised in the Statement of comprehensive net expenditure to the extent that it cannot be offset against the revaluation reserve. Any reversal of an impairment charge is recognised in the Statement of comprehensive net expenditure to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in the Statement of comprehensive net expenditure. The remaining amount is recognised in the revaluation reserve.

### 1.8 Non-current assets held for sale

Non-current assets are classified as 'held for sale' when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets held for sale are stated at the lower of their carrying amount prior to classification as 'held for sale' or their fair value less the costs of selling the asset. Any subsequent impairment or reversal is recognised in the Statement of comprehensive net expenditure. Assets classified as held for sale are not depreciated.

### 1.9 Leases

Leases are accounted for as operating leases as a significant portion of the risks and rewards of ownership is retained by the lessor.

The total payments made under operating leases are charged to the Statement of comprehensive net expenditure on a straight-line basis over the period of the lease. When discounts are provided, the discount is treated as deferred income and is used to offset costs over the operating lease term.

### 1.10 Employee benefits

Short-term employee benefits (those payable within 12 months after service is rendered in a period, such as wages, bonuses, paid vacation and sick leave) are recognised in the period service is rendered. In the case of accumulating absences, such as paid annual leave, any days not taken are accrued into the relevant period.

### 1.11 Early departure costs

NS&I is required to meet the additional cost of benefits beyond the normal Civil Service pension benefits in respect of employees who retire early unless the retirement is on approved medical grounds. NS&I provides for this cost when it has entered into contractual arrangements with the early retirees and creates a corresponding provision for its future payments in the Statement of financial position. In accordance with the requirements of IAS 37, this provision has been discounted. NS&I may, in certain circumstances, settle some or all of its liability in advance by making a payment for the credit of the Civil Superannuation Vote.

### 1.12 Pensions

Pension benefits are provided through Civil Service pension arrangements. Civil servants may be in one of five defined benefit schemes, either a final salary scheme (Classic, Premium or Classic Plus), or a whole career average scheme (Nuvos and Alpha). A defined contribution scheme (Partnership) is also available. The defined benefit schemes are unfunded. NS&I recognises the expected cost of these elements on a systematic basis over the period during which it benefits from employees' services by payment to the Civil Service pension scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme. In respect of the defined contribution scheme, NS&I recognises the contributions payable for the year.

### 1.13 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is likely that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of financial position date, taking into consideration the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows over a number of accounting periods to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material.

### 1.14 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

In addition to contingent liabilities disclosed in accordance with IAS 37, NS&I discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

### 1.15 Financial instruments

All financial instruments are recognised at fair value. Fair value of financial instruments is determined by using the discounted future cash flow method. Financial assets and financial liabilities, including derivative financial instruments if any, are recognised in the Statement of financial position when NS&I becomes a party to the contractual provisions of the instrument. Gains and losses are dealt with through the Statement of comprehensive net expenditure. The double impact of IFRS 9 has not had any impact on NS&I's financial instruments.

### 1.16 Operating income

NS&I has a number of contracts with business-to-business customers. It meets the core principle of IFRS 15 Contracts with customers that it recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which NS&I expects to be entitled in exchange for those goods and services. It follows the five-step framework in the standard. All income received is assessed on receipt to determine whether it is appropriate to recognise as operating income or whether it is recognised as deferred income. Income that is deferred represents payments for implementation costs from business-to-business clients. This is accumulated over the period an asset is being developed. When the asset is ready to be used, deferred income is transferred to operating income over the useful economic life of the asset.

### 1.17 Value added tax

NS&I's retail activities are exempted under the terms of the value-added tax (VAT) legislation and therefore input VAT is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase of non-current assets. Most of NS&I's business-to-business activities are also exempted from VAT under the same terms of VAT legislation. However, one business-to-business contract that NS&I operates is not exempt from VAT and in this case VAT is recovered on the costs of the activity and paid on income received. In this case the net cost and income are charged to the relevant expenditure categories and VAT to the Statement of financial position.

### 1.18 Operating segments

Within the definitions of IFRS 8 Segmental Reporting, NS&I is an entity with a single reportable segment since NS&I's financial planning and reporting are based on NS&I being one single entity. The chief operating decision-maker as defined by IFRS 8 is NS&I's Management decision-board and financial information that is required regularly by the Management Board to make decisions about planning and resource allocation and

performance assessment is reported on an NS&I entity basis. Accordingly, NS&I does not report separately for the costs of its business-to-business activities and as such does not segment business-to-business from its overall activities in these Accounts.

NS&I's Product Accounts are reported separately in this Annual Report but are deemed not to be a separate operating segment as they relate to NS&I's core activity with all head office functions being incidental to delivering this.

### 1.19 Client funds

NS&I is holding client funds on behalf of HMRC for payments under the Tax-Free Childcare scheme and the Help to Save scheme. NS&I is also holding funds on behalf of HM Treasury for the Help to Buy scheme. These amounts are held in separate bank accounts and segregated from NS&I's voted monies. Client funds are recognised as current assets in the Statement of financial position, with corresponding liability in current liabilities.

As part of HMRC's Tax-Free Childcare scheme, NS&I holds monies on behalf of parents. It also holds funds on behalf of savers as part of the Help to Save scheme. In both cases these funds are classed as third party assets and are not recognised in NS&I's Statement of financial position.

## 2 Staff and related costs

Staff costs comprise:

	2021-22 £000	2020-21 £000
Wages and salaries	10,889	11,292
Social security costs	1,224	1,292
Other pension costs	2,603	2,769
<b>Total net costs</b>	<b>14,716</b>	<b>15,353</b>

Full details of staff costs, staff numbers and superannuation are included in the Remuneration and staff report.

## 3 Expenditure

	Note	2021-22 £000	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000	2020-21 £000
Public Private Partnership (PPP) provider costs <sup>(1)</sup>		168,136			180,609		
Transfer of PPP provider costs to capital		(12,144)			(31,145)		
<b>Net PPP costs</b>			155,992			149,464	
Goods and services			23,557			13,942	
Rentals under operating leases			2,320			1,979	
Losses and special payments			1			17	
<b>Total goods and services</b>				181,870			165,402
Other operating expenditure							
<b>Non-cash items</b>							
Depreciation	5		1,037			1,678	
Amortisation	6		17,852			19,878	
Loss on disposal of property, plant and equipment, intangible assets	5,6		367			925	
Capital Grant in Kind to Central Government			-			2,177	
Impairment loss on asset under construction			-			-	
Reversal of previous downward revaluation	5		-			-	
Revaluation of non-current assets	5,6,12		-			-	
<b>Depreciation and impairment</b>			19,256			24,658	
Auditor's remuneration and expenses <sup>(2)</sup>			450			450	
<b>Total non-cash items</b>				19,706			25,108
				<b>201,576</b>			<b>190,510</b>

(1) Public Private Partnership (PPP) gross costs were £168,135,000 (2020-21: £180,609,000). These are reduced by infrastructure and development work which are transferred to capital under IFRIC 12. The impact of the transfer is to reduce NS&I's operating costs but increase NS&I's assets on its Statement of financial position. The transfer during the year was £12,204,000 (2020-21: £31,145,000). The treatment is outlined in accounting policy note 1.4.

(2) The Audit remuneration costs includes fees for the Product Accounts statutory audit of £380,000 (£380,000 in 2020-21) and for the Resource Accounts statutory audit fees of £70,000 (£70,000 in 2020-21).

## 4 Income

## 4.1 Operating income

	2021-22 £000	2021-22 £000	2020-21 £000	2020-21 £000
Operating income comprises:				
Business-to-business	57,373		56,699	
<b>Income from sale of goods and services</b>		57,373		56,699
Other receipts	3		110	
<b>Other operating income</b>		3		110
<b>Total operating income</b>		<b>57,376</b>		<b>56,809</b>

## 5 Property, plant and equipment

## 5(a) Current year

	Land £000	Buildings £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2021	-	-	15,990	836	4,283	-	21,109
Additions	-	-	672	-	151	-	823
Transfer from 'Assets under construction'	-	-	-	-	-	-	-
Disposals	-	-	(1,248)	-	(1,712)	-	(2,960)
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>15,414</b>	<b>836</b>	<b>2,722</b>	<b>-</b>	<b>18,972</b>
<b>Depreciation</b>							
At 1 April 2021	-	-	(14,961)	(435)	(2,509)	-	(17,905)
Charged in year	-	-	(617)	(43)	(377)	-	(1,037)
Disposals	-	-	1,248	-	1,345	-	2,593
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>(14,330)</b>	<b>(478)</b>	<b>(1,541)</b>	<b>-</b>	<b>(16,349)</b>
<b>Carrying amount</b>							
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>1,084</b>	<b>358</b>	<b>1,181</b>	<b>-</b>	<b>2,623</b>
<b>Owned assets</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>358</b>	<b>465</b>	<b>-</b>	<b>881</b>
<b>IFRIC 12 assets</b>	<b>-</b>	<b>-</b>	<b>1,026</b>	<b>-</b>	<b>716</b>	<b>-</b>	<b>1,742</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,084</b>	<b>358</b>	<b>1,181</b>	<b>-</b>	<b>2,623</b>



## 5(b) Prior year

	Land <sup>(1)</sup>	Buildings <sup>(1)</sup>	Information technology	Plant and machinery	Furniture and fittings	Assets under construction <sup>(2)</sup>	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
At 1 April 2020	500	1,840	19,120	1,156	4,454	-	27,070
Additions	-	-	326	-	78	-	404
Transfer from 'Assets under construction'	-	-	-	-	-	-	-
Disposals	(500)	(1,840)	(3,456)	(320)	(249)	-	(6,365)
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>15,990</b>	<b>836</b>	<b>4,283</b>	<b>-</b>	<b>21,109</b>
<b>Depreciation</b>							
At 1 April 2020	-	(340)	(17,327)	(541)	(2,147)	-	(20,355)
Charged in year	-	(25)	(1,085)	(58)	(510)	-	(1,678)
Disposals	-	365	3,451	164	148	-	4,128
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>(14,961)</b>	<b>(435)</b>	<b>(2,509)</b>	<b>-</b>	<b>(17,905)</b>
<b>Carrying amount</b>							
<b>At 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>1,029</b>	<b>401</b>	<b>1,774</b>	<b>-</b>	<b>3,204</b>
<b>Owned assets</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>401</b>	<b>522</b>	<b>-</b>	<b>939</b>
<b>IFRIC 12 assets</b>	<b>-</b>	<b>-</b>	<b>1,013</b>	<b>-</b>	<b>1,252</b>	<b>-</b>	<b>2,265</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,029</b>	<b>401</b>	<b>1,774</b>	<b>-</b>	<b>3,204</b>

(1) The freehold land and building at NS&I's Moorlands site and other connected assets in Blackpool were transferred to the Government Property Agency on 1 December 2020. Although this note shows a loss on disposal for the property, the amount (£2.177 million) was charged in the Resource Accounts as 'Capital Grant in Kind to Central Government'.



## 6 Intangible assets

### 6(a) Current year

	Information technology software	Software licences	Website	Assets under construction <sup>(1)</sup>	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
<b>At 1 April 2021</b>	94,759	19,273	18,105	29,249	161,386
Additions <sup>(1)</sup>	567	-	-	10,813	11,380
Transfer from 'Assets under construction'	19,187	-	-	(19,187)	-
Revaluation <sup>(2)</sup>	12,329	-	2,080	-	14,409
Impairment	-	-	-	-	-
Disposals	(481)	(914)	-	-	(1,395)
<b>At 31 March 2022</b>	<b>126,361</b>	<b>18,359</b>	<b>20,185</b>	<b>20,875</b>	<b>185,780</b>
<b>Amortisation</b>					
<b>At 1 April 2021</b>	(65,270)	(13,981)	(15,507)	-	(94,758)
Charged in year	(13,587)	(2,363)	(1,902)	-	(17,852)
Revaluation <sup>(2)</sup>	(8,275)	-	(2,000)	-	(10,275)
Disposals	481	914	-	-	1,395
<b>At 31 March 2022</b>	<b>(86,651)</b>	<b>(15,430)</b>	<b>(19,409)</b>	<b>-</b>	<b>(121,490)</b>
<b>Carrying amount</b>					
<b>At 31 March 2022</b>	<b>39,710</b>	<b>2,929</b>	<b>776</b>	<b>20,875</b>	<b>64,290</b>
<b>Owned assets</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>274</b>
<b>IFRIC 12 assets</b>	<b>39,474</b>	<b>2,929</b>	<b>776</b>	<b>20,837</b>	<b>64,016</b>
<b>Total</b>	<b>39,710</b>	<b>2,929</b>	<b>776</b>	<b>20,875</b>	<b>64,290</b>

(1) Assets under construction totalled £20.88 million at 31 March 2022. Developments continued to cover a number of transformation projects that are essential in preparing for the retendering of the outsourced contract. They include development work on mobile apps on several phases, Progressive Transformation 2, Customer Authentication and Automation. Developments that went live included Green Savings Bonds implementation, the first phases of the automation and transformation projects, mobile apps and keeping the bank safe projects.

(2) Information technology software was revalued during the year using an appropriate Office for National Statistics (ONS) index. This was the Computer Services Producer Price Index produced by the ONS. The net increase in value of the assets was £4.13 million.

## 6(b) Prior year

	Information technology software	Software licences	Website	Assets under construction <sup>(1)</sup>	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
<b>At 1 April 2020</b>	94,998	20,071	16,962	5,934	137,965
Additions <sup>(1)</sup>	106	2,408	-	28,244	30,758
Transfer from 'Assets under construction'	4,014	-	915	(4,929)	-
Revaluation <sup>(2)</sup>	1,196	-	228	-	1,424
Impairment	-	-	-	-	-
Disposals	(5,555)	(3,206)	-	-	(8,761)
<b>At 31 March 2021</b>	<b>94,759</b>	<b>19,273</b>	<b>18,105</b>	<b>29,249</b>	<b>161,386</b>
<b>Amortisation</b>					
<b>At 1 April 2020</b>	(55,586)	(14,437)	(11,875)	-	(81,898)
Charged in year	(13,690)	(2,730)	(3,458)	-	(19,878)
Revaluation <sup>(2)</sup>	(704)	-	(174)	-	(878)
Disposals	4,710	3,186	-	-	7,896
<b>At 31 March 2021</b>	<b>(65,270)</b>	<b>(13,981)</b>	<b>(15,507)</b>	<b>-</b>	<b>(94,758)</b>
<b>Carrying amount</b>					
<b>At 31 March 2021</b>	<b>29,489</b>	<b>5,292</b>	<b>2,598</b>	<b>29,249</b>	<b>66,628</b>
<b>Owned assets</b>	<b>283</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>321</b>
<b>IFRIC 12 assets</b>	<b>29,206</b>	<b>5,292</b>	<b>2,598</b>	<b>29,211</b>	<b>66,307</b>
<b>Total</b>	<b>29,489</b>	<b>5,292</b>	<b>2,598</b>	<b>29,249</b>	<b>66,628</b>

(1) Assets under construction totalled £28.70 million, of which developments started during the year totalled £27.7 million. The developments covered a number of transformation projects that are essential in preparing for the retendering of the outsourced contract. They include development work on the banking engine, mobile apps development on several phases, improving the website and other developments. Developments that went live included elements of the website as well as JISA annual reporting, HMRC trust reporting, mobile apps phase 2 and other smaller developments.

(2) Information technology software was revalued during the year using an appropriate Office for National Statistics (ONS) index. This was the Computer Services Producer Price Index produced by the ONS. The net increase in value of the assets was £0.54 million.

## 7 Financial instruments

As the cash requirements of NS&I are met through the estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The financial instruments that NS&I has are cash, trade receivables and trade payables. They are in line with NS&I expectations in terms of purchase and usage requirements. NS&I is therefore exposed to little credit, liquidity or market risk.

NS&I's net revenue resource requirements, including capital expenditure, are financed by resources voted annually by Parliament, which includes income and expenditure on its business-to-business activities. NS&I's Resource Accounts are not, therefore, exposed to significant liquidity risks.

There are no differences between the book value of receivables, payables or cash held and their fair value.

NS&I is not exposed to any credit or liquidity risk in its performance of business-to-business services. Customers are central government departments.

## 8 Trade and other receivables

at 31 March

	2022 £000	2021 £000
<b>Amounts falling due within one year:</b>		
Deposits and advances	29	17
Prepayments	1,123	1,012
Accrued income	1,401	1,833
<b>Total trade and other receivables</b>	<b>2,553</b>	<b>2,862</b>

## 9 Cash and cash equivalents

	2022 £000	2021 £000
<b>Balance at 1 April</b>	3,066	415
Net change in cash and cash equivalent balances	(2,849)	2,651
<b>Closing cash and cash equivalent balance</b>	<b>217</b>	<b>3,066</b>
<b>The following balances are held at:</b>		
Government Banking Service	217	3,066
<b>Balance at 31 March</b>	<b>217</b>	<b>3,066</b>

## 10 Client funds

	2022 £000	2021 £000
<b>Balance at 1 April</b>	70,087	45,827
Net change in client funds balances	26,674	24,260
<b>Closing client funds balance</b>	<b>96,761</b>	<b>70,087</b>
<b>The following balances are held at:</b>		
Government Banking Service	96,761	70,087
<b>Balance at 31 March</b>	<b>96,761</b>	<b>70,087</b>
<b>Corresponding liability for payments to be made on behalf of HMRC, HM Treasury</b>	<b>(96,761)</b>	<b>(70,087)</b>

Client funds are being held on behalf of HM Revenue & Customs (HMRC) for the operation of the Tax-Free Childcare scheme, which was launched in 2017. The balance held in the account for HMRC was £74,535,000 (2021: £53,393,000). NS&I is also holding £141,141,000 (2021: £113,548,000) of contributions from parents. These parent monies are excluded from NS&I's Statement of financial position as third party assets.

NS&I is holding £7,888,200 on behalf of HM Treasury (2021: £4,434,000) in the operation of the Help to Buy scheme, which was launched in 2019.

NS&I is also holding £14,338,000 (2021: £12,260,000) on behalf of HMRC for the operation of the Help to Save scheme, which was launched in 2018. It is also holding £210,305,000 (2021: £127,469,000) of customers' funds. These funds are also excluded from NS&I's Statement of financial position as third party assets.

11 Trade payables and other liabilities  
at 31 March

	2022 £000	2021 £000
<b>Amounts falling due within one year:</b>		
VAT	71	72
Taxation and social security	316	308
Trade payables	4,952	2,577
Other payables	277	276
Accruals	20,166	12,223
Deferred income	1,307	4,652
Amounts issued from the Consolidated Fund for supply but not spent at year end	217	3,066
<b>Total trade and other payables</b>	<b>27,306</b>	<b>23,174</b>
<b>Amounts falling due after more than one year:</b>		
Deferred income <sup>(1)</sup>	3,530	4,456
<b>Non-current liabilities</b>	<b>3,530</b>	<b>4,456</b>
<b>Total trade payables and other liabilities</b>	<b>30,836</b>	<b>27,630</b>

(1) Amounts falling due after more than one year refer to deferred income that will be brought into operating income over the life of business-to-business services that NS&I operates for its clients.

## 12 Movement in revaluation reserve at 31 March

	Note	2022 £000	2021 £000
<b>Revaluation reserve changes:</b>			
Balance in revaluation reserve at 1 April		(955)	(1,139)
Total downward revaluation	6	-	-
Charged to expenditure	3	-	-
Upward revaluation	5,6	(4,134)	(546)
<b>Revaluation movement</b>		<b>(4,134)</b>	<b>(546)</b>
Depreciation adjustment		386	730
<b>Subtotal</b>		<b>386</b>	<b>730</b>
<b>Balance at 31 March</b>		<b>(4,703)</b>	<b>(955)</b>

## 13 Commitments under leases

The future minimum lease payments under operating leases are given in the Table below, discounted to present value and analysed between future years.

	2022 £000	2021 £000
<b>Obligations under operating leases comprise:</b>		
Buildings:		
Not later than one year	2,075	2,176
Later than one year and not later than five years	5,617	6,460
Later than five years	14,034	4,481
<b>Total</b>	<b>21,726</b>	<b>13,117</b>

## 14 Commitments under the Public Private Partnership contract

In May 2013, following a competitive tender, NS&I entered into a new seven-year PPP contract with Atos for the provision of operational services which came into effect on 1 April 2014. The contract is to design, develop, procure, finance and operate, including maintaining, certain assets over the period of the contract to enable the provision of a back office function and Customer Interaction Centre. The contract value is over £600 million for the seven-year operational term in nominal terms, however, this will vary

depending on the level of stock and business-to-business activity.

The contract with Atos was extended for a further three years from March 2021. The contract will now complete in March 2024. The value of the contract extension is estimated to be over £300 million for the additional three years.

If Atos meets the performance standards in the contract, the service charge payable under the contract at constant price levels would be:

	<b>£000</b>
Amounts falling due within one year	96,526
Value of amounts falling due within two to five years	81,766
	<b>178,292</b>
<b>£000</b>	
Comparable figures at March 2021 were:	
Amounts falling due within one year	79,210
Value of amounts falling due within two to five years	126,725
	<b>205,935</b>

The total amount payable to Atos will vary depending on the levels of stock and business-to-business activity. These amounts cannot be predicted with any certainty.

NS&I will at the cessation of the current contract on 31 March 2024 with Atos, its outsourced supplier, move to a multi-supplier model for its future supply of services. Following the successful tender for the provision of digital integration, service operations and central security

monitoring services, IBM were selected to carry out the services. The contract was signed in May 2022. NS&I has the following future contract payments that they are committed to:

	£000
Amounts falling due within one year	8,181
Value of amounts falling due within two to five years	23,940
Value of amounts falling due over 5 years	4,371
	<b>36,492</b>

### 15 Other financial commitments

There were no other financial commitments at 31 March 2022 (31 March 2021: Nil).

### 16 Contingent liabilities disclosed under IAS 37

NS&I did not have any provisions or contingent liabilities at 31 March 2022 (31 March 2021: Nil).

### 17 Related party transactions

NS&I is an Executive Agency of the Chancellor of the Exchequer and a government department. The Chancellor of the Exchequer is regarded as a related party. NS&I has not undertaken any material transaction with the Chancellor of the Exchequer during the year.

NS&I carried out a number of significant transactions with the Government Banking Service, Ministry of Justice Office of Accountant General, the Office for National Statistics, Home Office and HM Treasury, HMRC and a small number of immaterial transactions with

other government departments: Treasury Solicitor's Department, the Cabinet Office, Department for Work and Pensions, FCO Services and the Financial Ombudsman Service. All related party transactions undertaken were at arm's length.

Neither the Economic Secretary to HM Treasury nor any board member, nor any key manager or other related party has undertaken any material transactions with NS&I during the year. Investments in NS&I products are not considered to be related party transactions and are therefore excluded from this declaration. Ministers, board members and key managers are judged to be related parties as they have authority and responsibility for planning, directing and controlling the activities of the entity.

The following Table relates to deposits (excluding Premium Bond holdings) held by key management personnel and persons connected to them in NS&I.

	2022	2021
	£000	£000
Executive Directors and Non-executive Directors	473	221

In relation to holdings in Premium Bonds, the National Savings (No. 2) Regulations 2015 prohibit the disclosure of the number of bonds purchased or held by any person. The Accounting Officer and persons connected with him are prohibited under NS&I's policies from holding Premium Bonds.

### 18 Events after the reporting period date

There are no reportable events between the Statement of financial position date and the date of authorisation of these accounts. The financial statements do not reflect events after that date.

### 19. Date authorised for issue

The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.

## Product Accounts background

### Accounts

These accounts have been prepared under a direction issued by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000. This direction is at Annex 1 to these accounts on page 111.

### Scope of the Product Accounts

These accounts record transactions for the year ended 31 March 2022 on retail savings and investment products administered by NS&I and balances in respect of these products as at that date. They do not include:

- *The investment or use of funds.* Customer funds are not directly invested by NS&I. They are passed to the National Loans Fund (NLF) to fund public sector activity.
- *NS&I's administration costs.* These are funded by Parliamentary Vote. They are accounted for separately in the Accountability Report section of the Annual Report and in the Resource Accounts. However, the interest and prizes costs on NS&I products are included in the total cost of servicing the national debt, and these costs are therefore reflected as a charge on both the NLF account and these accounts.
- *Business-to-business activities.* NS&I holds funds on behalf of other government departments as part of its business-to-business activities. These monies are included in NS&I's Resource Accounts, where relevant, and do not form part of the Product Accounts.

### Products governed by the National Debt Act 1972

Children's Bonds (previously known as Children's Bonus Bonds)	The National Savings (No. 2) Regulations 2015
65+ Guaranteed Growth Bonds	The National Savings (No. 2) Regulations 2015
Green Savings Bonds	The National Savings (No. 2) Regulations 2015
Guaranteed Income Bonds and Guaranteed Growth Bonds (previously known as Fixed Rate Savings Bonds)	The National Savings (No. 2) Regulations 2015
Investment Guaranteed Growth Bonds	The National Savings (No. 2) Regulations 2015
Income Bonds	The National Savings (No. 2) Regulations 2015
Premium Bonds	The National Savings (No. 2) Regulations 2015
Savings Certificates	The National Savings (No. 2) Regulations 2015

### Products governed by the National Savings Bank Act 1971

Direct Saver Account	The National Savings Regulations 2015
Individual Savings Account	The National Savings Regulations 2015
Investment Account	The National Savings Regulations 2015
Junior Individual Savings Account	The National Savings Regulations 2015
Residual Account	The National Savings Regulations 2015

As part of NS&I's dormancy strategy, matured fixed-term holdings, which cannot be renewed for a further term and remain unclaimed after 30 days, are transferred to the Residual Account in order to continue earning interest for customers.

### The National Loans Fund

The NLF is central government's main borrowing and lending account. The NLF undertakes borrowing and uses the proceeds to meet any deficits on the Consolidated Fund. Most of the NLF's borrowing needs are met indirectly through borrowing on its behalf by NS&I and the Debt Management Office (DMO). The NLF ends each day with a nil balance on its bank account because any cash surpluses or deficits are offset by transfers to or from the Debt Management Account. HM Treasury is responsible for the operation of the NLF and guarantees to honour NS&I's products' terms and conditions. In legal terms, section 120 of the Finance Act 1980 (in respect of investment deposits) and section 12 of the National Loans Act 1968 (for other NS&I payments) both make provision for such repayments to be issued from the NLF with recourse to the Consolidated Fund. Should the NLF prove insufficient, payment (customer liability) will be a charge on the Consolidated Fund and against the tax revenue being raised.

### NS&I's products and regulation

NS&I's Product Accounts cover transactions and balances on all NS&I's products.

The products covered by these accounts and their governing legislation and regulations are as follows:



**Notable events during the year ended 31 March 2022**

Our retail product performance for the financial year ended 31 March 2022 saw customer investments grow to £207.6 billion from £202.9 billion (2020–21). We received £44.9 billion (2020–21: £86.2 billion) from investors while payments to investors were £42.7 billion (2020–21: £64.6 billion). Interest and prizes earned by investors totalled £2.5 billion (2020–21: £2.2 billion). The overall increase in investor funds for the financial year was £4.7 billion (2020–21: £23.8 billion), resulting in Net Financing of £4.4 billion (2020–21: £23.8 billion). Net Financing excludes our Green Savings Bonds, as the bonds are a policy product.

The financial year ended 31 March 2022 saw some changes to our product range as we closed our Investment Guaranteed Growth Bonds and launched Green Savings Bonds. We also revised the interest rates on some of our products.

In April 2021, all remaining Investment Guaranteed Growth Bonds reached maturity and the product closed. The bonds were issued for a three-year term, were launched in April 2017 and went off general sale in April 2018. The maturity process for these bonds commenced in April 2021 and customers with maturing bonds were given the option to cash in their investments or to reinvest in Guaranteed Growth Bonds or any other NS&I products currently on sale.

October 2021 saw the launch of the Green Savings Bonds, a policy product, on behalf of HM Treasury. Issued and held for a three year fixed term, the Green Savings Bonds have enabled us to deliver cost-effective green finance for government. By investing in Green Savings Bonds, our savers have an opportunity to contribute to government spending on green projects and green initiatives.

In November 2021 we introduced the first of our interest rate changes for the 2021–22 financial year. We increased the rate on Income Bonds to 0.15% from 0.01% and reduced the Residual Account rate to 0.01% from 0.03%. In doing so we sought to balance the interests of savers, cost to the taxpayer and the stability of the broader financial services sector.

December 2021 saw interest rate increases in Direct Individual Savings Account, Direct Saver and Income Bonds as the interest rate on all three of these variable rate products increased to 0.35%. The December 2021 rate increases sought to ensure that our product pricing was in line with the wider savings market and to align our performance to our 2021–22 Net Financing target of £6 billion +/- £3 billion.

In February 2022 we made further changes to the interest rates for Direct Saver and Income Bonds, by increasing the rate in both products to 0.50% from 0.35%. February 2022 also saw the introduction of a second Issue of our Green Savings Bonds, offering savers an increased rate of 1.30% from the 0.65% that had been the rate on offer from October 2021 when the first Issue of the bonds went on sale.

Our 2021–22 retail product financial performance has seen us continue to deliver our Inspire & Invest strategy while encouraging a stronger savings culture.

**Audit**

These accounts have been audited by the Comptroller and Auditor General, whose Certificate and Report appears on pages 74 to 76.

## Statement of comprehensive income for the year ended 31 March

	Note	2021-22 £000	2020-21 £000
<b>Income</b>			
Interest and prizes financed by the NLF	4	2,531,674	2,236,892
Interest and prizes financed by the NLF		2,531,674	2,236,892
<b>Cost</b>			
Interest and prizes earned by investors		(2,531,674)	(2,236,892)
Interest and prizes earned by investors	2	(2,531,674)	(2,236,892)
<b>Income less cost</b>		<b>-</b>	<b>-</b>

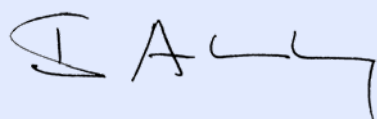
The notes on pages 101 to 110 form part of these accounts.

An analysis of interest and prizes by product is disclosed in note 2.

## Statement of financial position at 31 March

	Note	2022 £000	2021 £000
<b>Current assets</b>			
Held by the NLF	4	205,234,767	200,384,216
Other receivables	5	347,355	454,275
Cash and cash equivalents	9	2,061,775	2,131,461
<b>Total current assets</b>	10	<b>207,643,897</b>	<b>202,969,952</b>
<b>Current liabilities</b>			
Liability to investors	6	(201,885,642)	(198,102,993)
Other payables	7	(16,690)	(7,213)
<b>Total current liabilities</b>	10	<b>(201,902,332)</b>	<b>(198,110,206)</b>
<b>Net current assets</b>		<b>5,741,565</b>	<b>4,859,746</b>
<b>Non-current liabilities</b>			
Liability to investors	6	(5,741,565)	(4,859,746)
<b>Total non-current liabilities</b>	10	<b>(5,741,565)</b>	<b>(4,859,746)</b>
<b>Assets less liabilities</b>		<b>–</b>	<b>–</b>

The notes on pages 101 to 110 form part of these accounts.



**Ian Ackerley**  
Chief Executive  
National Savings and Investments  
22 June 2022

## Statement of cash flows for the year ended 31 March

	Note	2021-22 £000	2020-21 £000
<b>Cash flows from operating activities</b>			
Income less cost		-	-
Increase in net funds held by the NLF	8	(4,850,551)	(22,955,430)
Decrease/(increase) in other receivables	5	106,920	(90,127)
Increase in total funds invested	2	4,664,468	23,789,356
Increase/(decrease) in other payables	7	9,477	(4,326)
<b>Net cash flow from operating activities</b>		<b>(69,686)</b>	<b>739,473</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>	9	<b>(69,686)</b>	<b>739,473</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>2,131,461</b>	<b>1,391,988</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>2,061,775</b>	<b>2,131,461</b>

The notes on pages 101 to 110 form part of these accounts.

## Notes to the Product Accounts

### 1 Statement of accounting policies

These accounts are prepared in accordance with the 2021–22 *Government Financial Reporting Manual (FReM)* issued by HM Treasury subject to exemptions outlined in clause 3 of the Product Accounts direction issued by HM Treasury, which is disclosed at Annex 1. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NS&I for the purpose of giving a true and fair view has been selected. The particular policies adopted by NS&I for the Product Accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

#### 1.2 Standards in issue but not in force

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for NS&I's accounting periods beginning on or after 1 April 2022. NS&I has not early adopted the standards, amendments and interpretations described below.

##### 1.2.1 IFRS 16 *Leases* (effective from annual periods beginning on or after 1 January 2020)

IFRS 16 *Leases* specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the term is 12 months or less or the underlying asset has a low value. Lessors will continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting unchanged from the previous international accounting standard IAS 17 *Leases*. Due to the continuing impact of the COVID-19 pandemic, the implementation of the standard has been deferred to 1 April 2022.

The standard will have no impact on the Product Accounts as they do not contain any leasing arrangements.

##### 1.2.2 Other amendments to the FReM

Other amendments to the FReM due to come into effect on or after 1 April 2022 are considered to have no impact on the NS&I product accounts.

### 1.3 Interest and prizes recognition

Interest and prizes are earned by investors in accordance with the terms and conditions applicable to each product. Interest is recognised in accordance with IFRS 9 using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of a financial instrument.

Capitalised and accrued interest is included in interest and prizes payable to investors in the Statement of comprehensive income, and liability to investors in the Statement of financial position. Capitalised interest is interest that has been added to the customer's investment and may now be earning further interest in accordance with the terms and conditions of the product. Accrued interest is interest which has been earned but not yet capitalised. Interest, where applicable, is accrued from the date of funds received or most recent capitalisation to the end of the accounting period.

The monthly Premium Bonds prizes are drawn on the first day of the following month. The prizes are accrued for Premium Bonds which are eligible and still held at the end of each month.

Interest has been disclosed in accordance with IFRS 7 and IAS 1 in these accounts.

### 1.4 Financed by the NLF

The interest and prizes payable to investors are funded by the NLF. The accounting policy for the NLF interest and prizes is as outlined in note 1.3.

### 1.5 Cash and cash equivalents

Cash and cash equivalents include cash at bank and amounts due from banks with an original maturity of less than three months.

### 1.6 Financial liabilities

Financial liabilities primarily comprise the deposits and investments made by customers in NS&I's products. All financial liabilities are measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest over the relevant period up to the date of maturity. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability or, where appropriate, a shorter period. Financial liabilities include other payables. Financial liabilities are derecognised when the obligation is discharged.

A receipt from an investor is recognised as a liability when NS&I or one of its agents receives a payment for a valid investment. Repayments to investors are recognised as a reduction in the liability to the investor on the date of the payment instrument. Where payment instruments are not cashed by the investor within their stipulated time limit, the liability to the investor is reinstated.

If an investor decides to reinvest funds in the same or another product, this is termed a reinvestment and is recognised as a payment and new receipt. An automatic or default rollover of funds within the same product, which requires no action by the investor, is not recognised as a payment or receipt. The undiscounted maturity profiles for the total liability for all products are disclosed in note 12.

### 1.7 Relationship with the NLF

NS&I is the Government's retail savings agency. All funds from investors are payable to the NLF, and all liabilities to investors are discharged from funds payable by the NLF, on a statutory basis. Risks relating to liabilities to investors are met wholly by the NLF. Further, the Product Accounts present only a part of the Government's overall financing requirement managed by HM Treasury through the NLF, and which is financed ultimately from the Government's tax revenues or borrowings.

Due to the nature of these arrangements, some of the risk management and capital disclosure requirements of IFRS 7 are not applicable to these accounts. The risk management disclosure requirements of IFRS 7 comprise qualitative and quantitative disclosures that show the extent of risks arising from financial instruments and how those risks are managed by an entity during the period and at the reporting date. The capital disclosures of IFRS 7 are disclosures that enable users of financial statements to evaluate the significance of financial instruments for an entity's financial position and performance.

The analysis of the total funds held or financed by the NLF (note 4) does not equal the total funds invested by product (note 6), i.e. liability to investors. This is due to timing differences in the flow of funding and defunding movements between NS&I, its agents, Government Banking and the NLF (via HM Treasury's bank account at the Bank of England). This difference is represented by net cash plus receivables minus other payables.

### 1.8 Financial assets

Financial assets comprise the loan with the NLF and other receivables, based on deposits and investments made by customers.

The following policies have been applied to financial assets.

#### Recognition, classification and measurement

Financial assets are recognised, classified and measured in accordance with IFRS 9.

IFRS 9 classifies financial assets into one of three measurement categories, based on the business model and the contractual cash flow characteristics:

- fair value through other comprehensive income (FVOCI)
- fair value through profit and loss (FVTPL), or
- amortised cost.

Financial assets are classified and measured at amortised cost as NS&I's business model is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest (SPPI).

On initial recognition, financial assets are recognised at fair value, plus directly attributable transaction costs. They are subsequently measured at amortised cost. Due to the agency nature of the business, the loan with the NLF is derived from the value of the financial liabilities upon which it is based (see note 1.6).

#### Derecognition of financial assets

Derecognition of financial assets only occurs when NS&I transfers both its contractual right to receive cash flows from the financial assets and substantially all of the risks and rewards of ownership.

## 2 Transactions with investors by product

### 2(a) Current year

	Received from investors	Interest and prizes earned by investors	Paid to investors	Transfer to Residual Account	Increase/ (decrease) in investors' funds	Invested 31 March 2022
	£000	£000	£000	£000	£000	£000
Children's Bonds	-	2,188	(62,883)	(15,193)	(75,888)	64,563
Direct Saver	14,605,984	65,602	(12,031,543)	-	2,640,043	30,786,202
65+ Guaranteed Growth Bonds	-	-	(21)	-	(21)	-
Green Savings Bonds	288,501	402	(344)	-	288,559	288,559
Guaranteed Bonds	393,121	89,102	(4,464,807)	-	(3,982,584)	8,598,833
Income Bonds	3,622,461	24,122	(7,553,950)	-	(3,907,367)	18,502,942
Individual Savings Account	484,929	7,642	(693,431)	-	(200,860)	4,633,335
Investment Account	356,187	287	(566,725)	-	(210,251)	2,734,950
Investment Guaranteed Growth Bonds	-	2	(10,414)	-	(10,412)	-
Junior Individual Savings Account	63,874	4,422	(58,893)	-	9,403	299,269
Premium Bonds	24,721,370	1,132,482	(15,521,212)	-	10,332,640	119,560,309
Residual Account	19,729	138	(25,101)	15,193	9,959	682,646
Savings Certificates	305,463	1,205,285	(1,739,501)	-	(228,753)	21,475,599
<b>Total</b>	<b>44,861,619</b>	<b>2,531,674</b>	<b>(42,728,825)</b>	<b>-</b>	<b>4,664,468</b>	<b>207,627,207</b>

### 2(b) Prior year

	Received from investors	Interest and prizes earned by investors	Paid to investors	Transfer to Residual Account	Increase/ (decrease) in investors' funds	Invested 31 March 2021
	£000	£000	£000	£000	£000	£000
Children's Bonds	-	3,967	(60,616)	(15,118)	(71,767)	140,451
Direct Saver	24,469,705	163,288	(14,732,822)	-	9,900,171	28,146,159
65+ Guaranteed Growth Bonds	-	-	(31)	-	(31)	21
Guaranteed Bonds	1,421,015	342,312	(8,639,294)	-	(6,875,967)	12,581,417
Income Bonds	26,890,399	242,066	(26,525,555)	-	606,910	22,410,309
Individual Savings Account	1,229,613	29,754	(756,819)	-	502,548	4,834,195
Investment Account	651,037	15,404	(533,841)	-	132,600	2,945,201
Investment Guaranteed Growth Bonds	-	3,432	(619,402)	-	(615,970)	10,412
Junior Individual Savings Account	254,907	5,632	(63,298)	-	197,241	289,866
Premium Bonds	31,150,064	1,183,231	(11,582,076)	-	20,751,219	109,227,669
Residual Account	20,571	1,530	(25,531)	15,118	11,688	672,687
Savings Certificates	113,811	246,276	(1,109,373)	-	(749,286)	21,704,352
<b>Total</b>	<b>86,201,122</b>	<b>2,236,892</b>	<b>(64,648,658)</b>	<b>-</b>	<b>23,789,356</b>	<b>202,962,739</b>

Net Financing for 2021–22 is £4.38 billion (2020–21: £23.79 billion). Net Financing is the net change in investor funds from the commencement of each financial year to the reporting date. Net Financing excludes Green Savings Bonds as the bonds are a policy product.

Amounts received from investors include cash received in the period plus reinvestments into the same or another product due to an investor instruction. They exclude

automatic or default rollovers within the same product that require no action from an investor. Amounts paid to investors include both capital and interest payments.

Guaranteed Bonds comprise Guaranteed Income Bonds and Guaranteed Growth Bonds.

The notable events section on page 97 of these accounts discloses notable occurrences in the product range during the period.



### 3 Interest and prizes

	Note	2021-22 £000	2020-21 £000
Total interest and prizes earned in year	2	(2,531,674)	(2,236,892)
Add accrued interest and prizes opening balance		(462,091)	(603,223)
Less interest capitalised in year		840,725	1,190,694
Less interest and prizes paid in year		1,123,060	1,195,852
Add movements in out-of-date warrants and outstanding prizes in year		(686)	(8,522)
<b>Accrued interest and prizes at 31 March</b>	<b>6</b>	<b>(1,030,666)</b>	<b>(462,091)</b>

This table reconciles the interest and prizes earned in note 2 with those accrued in note 6.

### 4 Amounts held by the NLF

	Note	2021-22 £000	2020-21 £000
Balance at 1 April		200,384,216	177,428,786
Interest and prizes financed by the NLF		2,531,674	2,236,892
Received from the NLF	8	(41,953,983)	(64,428,136)
Paid to the NLF	8	44,272,860	85,146,674
<b>Balance at 31 March</b>		<b>205,234,767</b>	<b>200,384,216</b>

The amount held by the NLF includes interest and prizes accrued in 2021-22 of £923,392,000 (2020-21: £355,503,000).

The difference in the amounts held by the NLF and the total amount invested (note 2) is explained in note 1.7.

### 5 Other receivables

	2022 £000	2021 £000
Agents	346,962	453,604
Other receivables	393	671
<b>Total</b>	<b>347,355</b>	<b>454,275</b>

NS&I uses agents, such as Barclays Merchant Acquirer, to process debit card transactions.

## 6 Liability to investors

### 6(a) Current year

	Principal liability	Accrued interest and prizes	Liability
	£000	£000	31 March 2022
			£000
<b>Current liabilities</b>			
Children's Bonds	63,894	669	64,563
Direct Saver	30,721,366	64,836	30,786,202
Guaranteed Bonds	3,136,633	9,194	3,145,827
Income Bonds	18,481,862	21,080	18,502,942
Individual Savings Account	4,625,936	7,399	4,633,335
Investment Account	2,734,883	67	2,734,950
Junior Individual Savings Account	295,283	3,986	299,269
Premium Bonds	119,371,346	188,963	119,560,309
Residual Account	677,346	5,300	682,646
Savings Certificates	20,759,815	715,784	21,475,599
<b>Total current liabilities</b>	<b>200,868,364</b>	<b>1,017,278</b>	<b>201,885,642</b>
<b>Non-current liabilities</b>			
Guaranteed Bonds	5,440,018	12,988	5,453,006
Green Savings Bonds	288,159	400	288,559
<b>Total non-current liabilities</b>	<b>5,728,177</b>	<b>13,388</b>	<b>5,741,565</b>
<b>Total liability to investors</b>	<b>206,596,541</b>	<b>1,030,666</b>	<b>207,627,207</b>

Principal liability comprises initial investment plus capitalised interest that has been added to the holding where applicable. Accrued interest and prizes comprise only interest and prizes earned that have not been paid out or capitalised and added to the holding. The accrued interest disclosed above (£1,030,666,000) is accrued interest in respect of the principal liability to investors. Note 4 discloses accrued interest (£923,392,000) in respect of balances held by the NLF. The difference between these amounts is due to outstanding interest liabilities (£107,274,000) which have been drawn down from the NLF and are pending settlement, such as prizes and interest warrants.

All products are repayable on demand except for investments in Guaranteed Bonds made on or after 1 May 2019 and Green Savings Bonds, which repay at maturity.

## 6(b) Prior year

	Principal liability £000	Accrued interest and prizes £000	Liability 31 March 2021 £000
<b>Current liabilities</b>			
Children's Bonds	138,912	1,539	140,451
Direct Saver	28,146,159	-	28,146,159
65+ Guaranteed Growth Bonds	21	-	21
Guaranteed Bonds	7,662,304	59,367	7,721,671
Income Bonds	22,395,098	15,211	22,410,309
Individual Savings Account	4,806,652	27,543	4,834,195
Investment Account	2,945,130	71	2,945,201
Investment Guaranteed Growth Bonds	10,312	100	10,412
Junior Individual Savings Account	285,068	4,798	289,866
Premium Bonds	109,049,732	177,937	109,227,669
Residual Account	667,304	5,383	672,687
Savings Certificates	21,547,668	156,684	21,704,352
<b>Total current liabilities</b>	<b>197,654,360</b>	<b>448,633</b>	<b>198,102,993</b>
<b>Non-current liabilities</b>			
Guaranteed Bonds	4,846,288	13,458	4,859,746
<b>Total non-current liabilities</b>	<b>4,846,288</b>	<b>13,458</b>	<b>4,859,746</b>
<b>Total liability to investors</b>	<b>202,500,648</b>	<b>462,091</b>	<b>202,962,739</b>

## 7 Other payables

	2022 £000	2021 £000
NLF	188	58
Other payables including sales repayments and evidence of identity repayments	16,502	7,155
<b>Total</b>	<b>16,690</b>	<b>7,213</b>

## 8 Movement in net funds held by the NLF

	2021-22 £000	2020-21 £000
Received from the NLF	41,953,983	64,428,136
Paid to the NLF	(44,272,860)	(85,146,674)
Net inflow to the NLF	(2,318,877)	(20,718,538)
Interest and prizes payable to investors	(2,531,674)	(2,236,892)
<b>Increase in net funds held by the NLF</b>	<b>(4,850,551)</b>	<b>(22,955,430)</b>

Cash received from investors is not invested by NS&I but is passed daily to the NLF for all products. Cash is drawn from the NLF for payments to investors as and when required.

## 9 Cash and cash equivalents

	2022 £000	2021 £000
<b>Balance at 1 April</b>	2,131,461	1,391,988
Net change in cash and cash equivalent balances	(69,686)	739,473
<b>Balance at 31 March</b>	<b>2,061,775</b>	<b>2,131,461</b>

All balances were held by the Exchequer. No cash balances were held with commercial banks.

## 10 Categorisation of financial assets and liabilities

	2022 £000	2021 £000
<b>Assets</b>		
Financial assets measured at amortised cost	205,582,122	200,838,491
Cash and cash equivalents	2,061,775	2,131,461
<b>Total</b>	<b>207,643,897</b>	<b>202,969,952</b>
<b>Liabilities</b>		
Current financial liabilities measured at amortised cost	(201,902,332)	(198,110,206)
Non-current financial liabilities measured at amortised cost	(5,741,565)	(4,859,746)
<b>Total</b>	<b>(207,643,897)</b>	<b>(202,969,952)</b>

## 11 Market, liquidity and credit risk

NS&I is an Executive Agency of the Chancellor of the Exchequer. NS&I's principal activity is to finance a part of the Government's borrowing by selling savings and investment products to retail savers and investors. Monies received by NS&I are passed to the NLF, which guarantees to honour the product terms and conditions in the form of a 100% HM Treasury guarantee.

NS&I's banking services provider is Government Banking (GB). GB has contracted NatWest Group (formerly known as the Royal Bank of Scotland Group) to provide transaction processing services for NS&I. Monies held at NatWest are transferred to the Government's accounts at the Bank of England during, and/or at the end of, each day to mitigate credit risks to both NS&I and HM Treasury. In the event that NatWest was unable to meet its obligations, HM Treasury would step in to provide NS&I with the necessary funds to meet its liabilities to investors as part of the HM Treasury underwritten guarantee. Therefore, NS&I does not face any material credit risk. Credit risk relating to the agents and other debtors is not material and is mitigated by the short settlement periods, which are typically less than seven days.

NS&I has no liquidity risk in respect of customer sales and repayments, as liquidity risk is managed through a main bank account held at the Bank of England and linked to the Ways and Means account at the NLF to ensure a smooth flow of funds between the NLF and NS&I. Interest rate risk belongs to the UK Government and is managed by the NLF in conjunction with the DMO. There is no currency exposure, as all assets and liabilities are denominated in sterling.

**12 Product maturity profile****12(a) Current year**

All products are repayable on demand, except for investments in Guaranteed Bonds made on or after

1 May 2019 and Green Savings Bonds, which repay at maturity. As required by IFRS 7, the undiscounted maturity profile for the total liability for all products is as follows:

	2022 Variable rate, prize-based and index-linked products £000	2022 Fixed rate products £000	2022 Non-interest bearing products £000	2022 Total £000
Maturing in one year or less or repayable on demand	196,142,834	5,678,047	64,761	201,885,642
Maturing in more than one year but not more than two years	-	3,649,497	-	3,649,497
Maturing in more than two years but not more than five years	-	2,092,068	-	2,092,068
<b>Total</b>	<b>196,142,834</b>	<b>11,419,612</b>	<b>64,761</b>	<b>207,627,207</b>

**12(b) Prior year**

	2021 Variable rate, prize-based and index-linked products £000	2021 Fixed rate products £000	2021 Non-interest bearing products £000	2021 Total £000
Maturing in one year or less or repayable on demand	187,468,589	10,577,417	56,987	198,102,993
Maturing in more than one year but not more than two years	-	629,481	-	629,481
Maturing in more than two years but not more than five years	-	4,230,265	-	4,230,265
<b>Total</b>	<b>187,468,589</b>	<b>15,437,163</b>	<b>56,987</b>	<b>202,962,739</b>

There are no products maturing in more than five years.

Variable rate products include Direct Saver, Income Bonds, Individual Savings Account, Junior Individual Savings Account, Investment Account and interest-earning balances in the Residual Account. Other products are prize-based Premium Bonds and Index-linked Savings Certificates.

Fixed rate products include Children's Bonds, 65+ Guaranteed Growth Bonds, Guaranteed Bonds, Investment Guaranteed Growth Bonds, Green Savings Bonds and Fixed Interest Savings Certificates. These are classified according to the earliest period when a customer can demand repayment.

Non-interest bearing products are historical balances on products which have been closed and maturities which are temporarily awaiting customer instruction. These historical balances are held within the Residual Account.

**13 Fair values of assets and liabilities****13(a) Current year**

	2022 Total per accounts £000	2022 Fair value £000
<b>Assets</b>		
Held by the NLF	205,234,767	205,140,747
Other receivables	347,355	347,355
Cash and cash equivalents	2,061,775	2,061,775
<b>Total</b>	<b>207,643,897</b>	<b>207,549,877</b>
<b>Liabilities</b>		
Fixed rate products	(11,419,612)	(11,325,592)
Variable rate products	(196,142,834)	(196,142,834)
Non-interest bearing products	(64,761)	(64,761)
Other payables	(16,690)	(16,690)
<b>Total</b>	<b>(207,643,897)</b>	<b>(207,549,877)</b>

## 13(b) Prior year

	2021 Total per accounts £000	2021 Fair value £000
<b>Assets</b>		
Held by the NLF	200,384,216	200,608,228
Other receivables	454,275	454,275
Cash and cash equivalents	2,131,461	2,131,461
<b>Total</b>	<b>202,969,952</b>	<b>203,193,964</b>
<b>Liabilities</b>		
Fixed rate products	(15,437,163)	(15,661,175)
Variable rate products	(187,468,589)	(187,468,589)
Non-interest bearing products	(56,987)	(56,987)
Other payables	(7,213)	(7,213)
<b>Total</b>	<b>(202,969,952)</b>	<b>(203,193,964)</b>

Note 12 states which products are in each of the above categories.

There is no material difference between the carrying value and the fair value of the variable rate products, non-interest bearing products, other payables and receivables. The variable rate products in the fair value table include all variable rate, prize-based and index-linked products. The rates for variable rate products are determined by our operating framework and are closely

linked to current retail savings rates; therefore they are deemed to be at fair value. The fixed rate products are products with rates being fixed for the duration of the products' term. The fair value of the fixed rate products is derived by discounting future expected cash flows using relevant gilt rates. Any impact of early repayments is ignored, as their impact is immaterial. Subject to timing differences, the fair value of the assets held by the NLF is a mirror of the related liabilities which it guarantees.

#### 14 Fair value hierarchy disclosures

IFRS 13 *Fair Value Measurement* applies when another IFRS, in this case IFRS 7, requires an entity to disclose the fair value of its assets and liabilities. It sets out how to fair value assets and liabilities and requires an entity to classify these into fair value hierarchy levels, based on the significance of inputs used in the measurement. These fair value hierarchy levels are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents financial assets and liabilities measured at fair value in accordance with the fair value hierarchy.

**14(a) Current year**

	Level 1 2022 £000	Level 2 2022 £000	Total 2022 £000
<b>Assets</b>			
Held by the NLF – fixed rate products	–	11,442,027	11,442,027
Held by the NLF – variable rate products	–	193,622,647	193,622,647
Other assets <sup>(1)</sup>	2,485,203	–	2,485,203
	<b>2,485,203</b>	<b>205,064,674</b>	<b>207,549,877</b>
<b>Liabilities</b>			
Liability to investors – fixed rate products	–	(11,325,592)	(11,325,592)
Liability to investors – variable rate products	–	(196,142,834)	(196,142,834)
Other liabilities <sup>(2)</sup>	–	(81,451)	(81,451)
	–	<b>(207,549,877)</b>	<b>(207,549,877)</b>

**14(b) Prior year**

	Level 1 2021 £000	Level 2 2021 £000	Total 2021 £000
<b>Assets</b>			
Held by the NLF – fixed rate products	–	15,795,429	15,795,429
Held by the NLF – variable rate products	–	184,754,166	184,754,166
Other assets <sup>(1)</sup>	2,644,369	–	2,644,369
	<b>2,644,369</b>	<b>200,549,595</b>	<b>203,193,964</b>
<b>Liabilities</b>			
Liability to investors – fixed rate products	–	(15,661,175)	(15,661,175)
Liability to investors – variable rate products	–	(187,468,589)	(187,468,589)
Other liabilities <sup>(2)</sup>	–	(64,200)	(64,200)
	–	<b>(203,193,964)</b>	<b>(203,193,964)</b>

(1) Other assets include non-interest bearing products, cash and cash equivalents and other receivables.

(2) Other liabilities include non-interest bearing products and other payables.

**15 Related party transactions**

NS&I is an Executive Agency of the Chancellor of the Exchequer and a government department. The Chancellor of the Exchequer is regarded as a related party. NS&I has not undertaken any material transactions with the Chancellor of the Exchequer during the year. The DMO, NLF and HM Treasury are related parties. NS&I's relationships with these parties are mentioned in the Product Accounts background section on pages 96 and 97. In addition, note 4 contains details of the NLF transactions.

Neither the Economic Secretary to HM Treasury, nor any board member, nor any key manager or other related party, has undertaken any material transactions with NS&I during the year. Ministers, board members and key managers are judged to be related parties as they have authority and responsibility for planning, directing and controlling the activities of the entity.

The deposits of Executive and Non-executive Directors, with the exception of Premium Bonds, are disclosed on page 95 of this Annual Report, Resource Accounts and Product Accounts.

In relation to holdings in Premium Bonds, National Savings (No. 2) Regulations 2015 prohibit the disclosure of the number of bonds purchased or held by any person. The Accounting Officer and persons connected with him are prohibited under NS&I's policies from holding Premium Bonds.

**16 Events after the reporting period date**

There are no reportable events between the Statement of financial position date and the date on which these accounts are authorised for issue. The financial statements do not reflect events after that date.

**17 Date authorised for issue**

The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.



## Annex 1: Product Accounts Direction

### ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 7(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to the Department of National Savings and Investments.
2. The Department of National Savings and Investments shall prepare Product Accounts for the year ending 31 March 2022, and each subsequent financial year, that give a true and fair view of the state of affairs of the Product Accounts at the reporting date and of their income and expenditure and cash flows for the year then ended. The Product Accounts shall cover transactions and balances on all NS&I products.
3. The accounts shall be prepared in accordance with applicable accounting standards, and shall be consistent with relevant requirements of the extant *Government Financial Reporting Manual (FReM)* except to the extent set out below:
  - a. a Statement of Comprehensive Income shall be prepared instead of a Statement of Comprehensive Net Expenditure; and
  - b. the Statement of Parliamentary Supply and the Statement of Changes in Taxpayers' Equity are not relevant to the Product Accounts.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.
5. This Accounts Direction shall be reproduced as an Appendix to the Product Accounts.
6. This Accounts Direction supersedes all previous directions issued by HM Treasury.



**Michael Sunderland**  
Deputy Director, Government Financial Reporting  
Her Majesty's Treasury  
25 March 2022

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## Departmental report information

The 2021–22 Departmental report information shown in the tables on the following pages is not consistent with the information shown in the 2021–22 Accounts. As a result, there is no direct link to the Statement of comprehensive net expenditure found in the Accounts.

The differences in the information below and the Accounts are a result of HM Treasury guidance on Departmental report content leading to a divergence in the treatment of a number of items in departmental budgets, Supply Estimates and the Accounts.

The main difference is that departmental budgets are not adjusted for IFRS and hence they do not reflect the assets brought onto the Statement of financial position following the application of the HM Treasury adaptation of IFRIC 12 *Service Concession Arrangements*. The Departmental report tables provide information on NS&I's expenditure within resource and capital Departmental Expenditure Limit (DEL) and resource Annual Managed Expenditure (AME) limits. Table 1, Total departmental spending, does not include any spending that is classified as non-budget.

There are also further differences brought about by treatments in HM Treasury's required budgetary framework which are not used in the IFRS accounts. The main items of this type are:

- Creation and increases in provisions are within the resource AME limit and also in programme costs.
- Cash payments related to paying off the obligation recognised by a provision are transferred from resource AME to resource DEL. These payments are not recognised as costs in the Accounts.
- Revaluations to properties owned by NS&I are accounted for in resource AME and also in programme costs.
- IFRIC 12 adjustments for depreciation, impairment of assets and transfers to IFRIC 12 capital are accounted for under non-budget and programme costs. They do not feature in the Departmental report tables.

The above treatments have been used for the figures shown in each year of the Departmental report. As a result, the data shown in this Departmental report does not directly reconcile to the Accounts.

**Table 1: Total departmental spending**

	Outturn 2017-18 £000	Outturn 2018-19 £000	Outturn 2019-20 £000	Outturn 2020-21 £000	Outturn 2021-22 £000	Plans 2022-23 £000	Plans 2023-24 £000	Plans 2024-25 £000
<b>Resource DEL</b>								
Section A: Administration	121,109	127,285	118,944	162,258	156,260	201,586	250,227	211,312
<b>Total resource DEL</b>	<b>121,109</b>	<b>127,285</b>	<b>118,944</b>	<b>162,258</b>	<b>156,260</b>	<b>201,586</b>	<b>250,227</b>	<b>211,312</b>
<i>of which:</i>								
Pay	12,987	14,717	15,278	15,101	14,716	18,050	18,410	18,580
Net current procurement <sup>(4)</sup>	106,914	111,838	102,960	146,486	140,909	179,459	228,967	189,882
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-
Depreciation <sup>(2)</sup>	758	280	256	221	185	3,627	2,400	2,400
Other	450	450	450	450	450	450	450	450
<b>Resource AME</b>								
Section B: Administration	(739)	(58)	451	-	-	700	700	700
<b>Total resource AME</b>	<b>(739)</b>	<b>(58)</b>	<b>451</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>700</b>	<b>700</b>
<i>of which:</i>								
Pay	-	-	-	-	-	-	-	-
Net current procurement <sup>(4)</sup>	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-
Net public service pensions <sup>(3)</sup>	-	-	-	-	-	-	-	-
Take-up of provisions	-	-	-	-	-	-	-	-
Release of provisions	-	-	-	-	-	-	-	-
Depreciation <sup>(2)</sup>	(739)	(58)	451	-	-	700	700	700
Other	-	-	-	-	-	-	-	-
<b>Total resource budget</b>	<b>120,370</b>	<b>127,227</b>	<b>119,395</b>	<b>162,258</b>	<b>156,260</b>	<b>202,286</b>	<b>250,927</b>	<b>212,012</b>
<i>of which:</i>								
Depreciation	19	222	707	221	185	3,627	2,400	2,400

(1) Net of income from sales of goods and services.

(2) Includes impairments.

(3) Pension schemes report under IAS 19 accounting requirements. The figures therefore include cash payments made and contributions received, as well as certain non-cash items.

(4) Expenditure on tangible and intangible fixed assets net of sales.

(5) Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of the resource budget AME and capital budget AME less depreciation in AME.

(6) Includes amounts required for IFRS 16 Accounting for operating leases.

Table 1: Total departmental spending (continued)

	Outturn 2017-18 £000	Outturn 2018-19 £000	Outturn 2019-20 £000	Outturn 2020-21 £000	Outturn 2021-22 £000	Plans 2022-23 £000	Plans 2023-24 £000	Plans 2024-25 £000
<b>Capital DEL</b>								
Section A: Administration	-	-	-	16	58	19,618	8,800	9,900
<b>Total capital DEL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>58</b>	<b>19,618</b>	<b>8,800</b>	<b>9,900</b>
<i>of which:</i>								
Net capital procurement <sup>(4)</sup>	-	-	-	16	58	4,960	8,800	9,900
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-
Other <sup>(6)</sup>	-	-	-	-	-	14,658	-	-
<b>Capital AME</b>						1,300		
<b>Total capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,300</b>	<b>-</b>	<b>-</b>
<i>of which:</i>								
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-
Net lending to the private sector	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-
Other <sup>(6)</sup>	-	-	-	-	-	1,300	-	-
<b>Total capital budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>58</b>	<b>20,918</b>	<b>8,800</b>	<b>9,900</b>
<b>Total departmental spending<sup>(5)</sup></b>	<b>120,351</b>	<b>127,005</b>	<b>118,688</b>	<b>162,053</b>	<b>156,133</b>	<b>218,877</b>	<b>256,627</b>	<b>218,812</b>
<i>of which:</i>								
Total DEL	121,090	127,063	118,237	162,053	156,133	216,877	255,927	218,112
Total AME	(739)	(58)	451	-	-	2,000	700	700

(1) Net of income from sales of goods and services.

(2) Includes impairments.

(3) Pension schemes report under IAS 19 accounting requirements. The figures therefore include cash payments made and contributions received, as well as certain non-cash items.

(4) Expenditure on tangible and intangible fixed assets net of sales.

(5) Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of the resource budget AME and capital budget AME less depreciation in AME.

(6) Includes amounts required for IFRS 16 Accounting for operating leases.

Table 2: Public spending control

Resources	Admin £000	Other current £000	Gross total £000	Supply Estimate		Supplementary Estimate			Final provision £000	Final outturn £000	Differences £000
				A in A £000	Net total £000	Change in gross provision £000	Change in A in A £000	Change in net provision £000			
Spending in DEL	306,670	-	306,670	(121,000)	185,670	(21,350)	-	(21,350)	164,320	156,260	8,060
Spending in AME	-	300	300	-	300	2,000	-	2,000	2,300	-	2,300
<b>Total</b>	<b>306,670</b>	<b>300</b>	<b>306,970</b>	<b>(121,000)</b>	<b>185,970</b>	<b>(19,350)</b>	<b>-</b>	<b>(19,350)</b>	<b>166,620</b>	<b>156,260</b>	<b>10,360</b>

Capital	Supply Estimate		Supplementary Estimate			Final provision £000	Final outturn £000	Differences £000
	Capital £000	Change in gross provision £000	Change in A in A £000	Change in net provision £000				
Spending in DEL	660	1	-	1	661	58	603	

Table 3: NS&amp;I capital employed

	Outturn 2017-18 £000	Outturn 2018-19 £000	Outturn 2019-20 £000	Outturn 2020-21 £000	Outturn 2021-22 £000	Plans 2022-23 £000	Plans 2023-24 £000	Plans 2024-25 £000
Assets on balance sheet at end of year								
<b>Non-current assets</b>								
Intangible	60,430	63,253	56,067	66,628	64,290	69,000	74,000	77,000
<b>Property, plant and equipment</b>	10,035	9,426	6,715	3,204	2,623	19,000	21,366	25,159
<i>of which:</i>								
Land and buildings	2,750	2,750	2,000	-	-	-	-	-
Information technology	4,614	3,115	1,793	1,029	1,084	2,000	2,500	4,000
Plant and machinery	799	692	615	401	358	500	455	517
Furniture and fittings	1,872	2,869	2,307	1,774	1,181	1,500	1,300	1,521
Right-of-use assets	-	-	-	-	-	15,000	17,111	19,121
Assets under construction	-	-	-	-	-	-	-	-
Other receivables	3,091	-	-	-	-	-	-	-
<b>Current assets</b>	24,099	77,755	49,263	76,015	99,531	63,003	58,777	44,887
Creditors <1 year	(37,917)	(93,868)	(69,437)	(93,261)	(124,067)	(65,000)	(60,000)	(50,000)
Provisions <1 year	-	-	-	-	-	-	-	-
Creditors >1 year	(21,095)	(15,598)	(9,129)	(4,456)	(3,530)	(2,500)	(2,000)	(1,500)
Provisions >1 year	-	-	-	-	-	-	-	-
<b>Capital employed within main department</b>	<b>38,643</b>	<b>40,968</b>	<b>33,479</b>	<b>48,130</b>	<b>38,847</b>	<b>83,503</b>	<b>92,143</b>	<b>95,546</b>

Table 4: Administration budget

	Outturn 2017-18 £000	Outturn 2018-19 £000	Outturn 2019-20 £000	Outturn 2020-21 £000	Outturn 2021-22 £000	Plans 2022-23 £000	Plans 2023-24 £000	Plans 2024-25 £000
Section A: Administration	121,109	127,285	118,944	162,258	156,260	201,586	250,227	211,312
<b>Total administration budget</b>	<b>121,109</b>	<b>127,285</b>	<b>118,944</b>	<b>162,258</b>	<b>156,260</b>	<b>201,586</b>	<b>250,227</b>	<b>211,312</b>
<i>of which:</i>								
Pay	12,987	14,717	15,278	15,101	14,425	18,050	18,410	18,580
Expenditure	163,891	173,947	160,340	197,470	194,939	263,536	311,817	272,732
Income	(55,769)	(61,379)	(56,674)	(50,313)	(53,104)	(80,000)	(80,000)	(80,000)

Table 5: NS&amp;I staff numbers

Staff numbers at:	1 April 2016	1 April 2017 <sup>(1)</sup>	1 April 2018 <sup>(1)</sup>	1 April 2019 <sup>(1)</sup>	1 April 2020 <sup>(1)</sup>	1 April 2021	1 April 2022
Permanent	166	184	191	210	202	198	203
Others	11	3	9	2	4	3	3
<b>Total</b>	<b>177</b>	<b>187</b>	<b>200</b>	<b>212</b>	<b>206</b>	<b>201</b>	<b>206</b>

(1) The staff numbers shown in the table above after 1 April 2017 do not agree with the table in note 2 of the Remuneration Report. The figures in the Accounts are calculated by averaging the staff numbers over the year while the numbers above are shown on spot dates.

Table 6: NS&amp;I consultancy and professional services

	Outturn 2017-18 £000	Outturn 2018-19 £000	Outturn 2019-20 £000	Outturn 2020-21 £000	Outturn 2021-22 £000
Consultancy services	-	-	-	3,723	6,118
Professional services	2,180	1,796	1,934	2,252	6,444
Contract staff	456	742	234	252	329
Other services	1,304	1,409	1,051	1,312	1,241
<b>Total</b>	<b>3,940</b>	<b>3,947</b>	<b>3,219</b>	<b>7,539</b>	<b>14,132</b>



## Glossary

### Accounting Officer

A person appointed by HM Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a department or other organisation or the Chief Executive.

### Accrued interest

Interest earned by the customer that has not yet been paid out or capitalised.

### Annually Managed Expenditure (AME)

Spending which does not fall within Departmental Expenditure Limits (DEL). Expenditure in AME is generally less predictable and controllable than expenditure in DEL.

### Appropriations in aid (A in A)

Income received by a government department which it is authorised to retain to finance-related expenditure. Such income is voted by Parliament and accounted for in departmental accounts.

### Basis point

This is one-hundredth of a percentage point (0.01%).

### Bonds

Apart from specific bonds issued by NS&I, a bond is another name given to fixed-term securities, including those issued by governments.

### Business-to-business services

Payment processing services provided to other government departments, agencies and arm's-length bodies, by NS&I Government Payment Services. The 'client' department pays NS&I to manage the payments on its behalf; payments are processed using NS&I's established technology, skills and processes, reducing the cost to the department and ultimately the taxpayer.

### Capitalised interest

Interest that has been added to the customer's investment and may now be earning further interest in accordance with the terms and conditions of the product.

### Consolidated Fund

The Consolidated Fund is the Government's general bank account for revenue and expenditure. It is held at the Bank of England.

### Consumer Prices Index (CPI)

A measure of price inflation, calculated by the Office for National Statistics (ONS) each month. It is now the preferred measure of inflation used by the Government.

### Court Funds Office

The Court Funds Office provides a banking and administration service for some 177,000 customers with a total of £2.6 billion held under the control of the civil courts in England and Wales, including the Court of Protection.

### Customer Interaction Centre (CIC)

NS&I's CIC manages all telephone sales and enquiries, as well as handling customer emails and social media queries. It is operated and managed in partnership with Atos.

### Departmental Expenditure Limit (DEL)

The expenditure limit within which a government department has responsibility for resource allocation. See also RDEL below.

### Digital

In the context of channels available for customers to interact with NS&I, digital refers to all non-postal direct channels – including telephone.

### Director of Savings

The person appointed by HM Treasury to manage NS&I in accordance with the statutory functions set out in the National Debt Act 1972 and the National Savings Bank Act 1971. Since we became an Executive Agency, the Director of Savings has also been the Chief Executive and the Accounting Officer.

### Executive Agency

NS&I is both a government department and an Executive Agency of the Chancellor of the Exchequer. Executive agencies have greater autonomy in making management decisions to ensure the effective delivery of their services.

### Financial Conduct Authority (FCA)

The FCA is the UK's independent body responsible for regulation of conduct in retail and wholesale financial markets and some prudential regulation.

### Financial Ombudsman Service (FOS)

The independent service for settling disputes between businesses that provide financial services and their customers.

### Fixed term

The period of time for which the interest rate is fixed.

### Gilts (or gilt-edged stock)

Gilts are UK Government securities issued by HM Treasury and listed on the London Stock Exchange.

**Green Savings Bonds**

A savings product available through NS&I, where money is held by HM Treasury, which then allocates an amount equivalent to the proceeds raised from Green Savings Bonds, to its chosen green projects, within two years.

**Gross inflows**

The total inflows from all deposits including retention of maturing monies.

**Help to Buy: ISA**

A government-backed scheme which supports people saving for a deposit for their first home. NS&I delivers the scheme on behalf of HM Treasury.

**2013-16 Help to Buy: Mortgage Guarantee Scheme and 2021 mortgage guarantee scheme**

Government-backed mortgage guarantee schemes to facilitate a range of high loan-to-value mortgage products from lenders. NS&I delivers these schemes on behalf of HM Treasury.

**Help to Save**

A government-backed saving scheme to support working people on low incomes to build their savings. HM Revenue and Customs (HMRC) is delivering the scheme in partnership with NS&I.

**Index-linked**

For Index-linked Savings Certificates, this means that the value of a certificate moves in line with inflation.

**Inflows**

Annual flows of total sales and repayments on NS&I products and investments.

**ISO 14001**

The international standard that specifies requirements for an effective environmental management system. It provides a framework that an organisation can follow, rather than establishing environmental performance requirements.

**Issue**

Our fixed rate products are sold in Issues, each with its own guaranteed interest rate. We periodically bring out a new Issue and always do so when the fixed rate on offer changes.

**Main Estimate/Supply Estimate**

The means through which government departments seek parliamentary approval for their spending plans for the year ahead. Estimates are presented to Parliament within five weeks of the Budget Statement.

**National Loans Fund (NLF)**

The Government's main account for borrowing and lending. It is administered by HM Treasury with the bank account maintained at the Bank of England.

**Net Financing**

Net Financing is the measure of the net change of NS&I funds, meaning total inflows from deposits, retention of maturing monies, and capitalised and accrued interest less the total outflows from withdrawals and interest or Premium Bond prize draw payments.

**PAS 3000**

The British Standards Institute (BSI) publicly available specification for Smart Working.

**PERMA Index**

PERMA (Positive Emotion, Engagement, Relationships, Meaning, Accomplishment) is an acronym that stands for the five elements developed by Martin Seligman that account for what makes up the 'good life' – an authentic and sustained happiness and wellbeing. No one element defines wellbeing, but each contribute, either subjectively or objectively. The PERMA Index is one of the outcomes of the Civil Service People Survey, run by the Cabinet Office. It provides a figure for the levels of wellbeing at each organisation whose staff participate in the survey.

**Public Private Partnership (PPP)**

A long-term partnership between a public sector organisation and a private sector organisation, designed for mutual benefit. Our PPP encompasses the provision of transaction processing together with front and back office operations. Some PPPs are based on, or include, a Private Finance Initiative (PFI); NS&I's partnership does not.

**Rainbow Programme**

NS&I's strategic transformation programme, which will see the existing Public Private Partnership (PPP) replaced, as it comes to the end of the contractual period, with multiple strategic partnerships. Rainbow will reduce risk to NS&I, provide a more effective service to customers, and reduce the cost of our operations to the taxpayer.

**Reserve Claim**

As part of the spending plans announced in Spending Reviews, the Government allocates a Reserve for genuinely unforeseen contingencies that departments cannot absorb within their DEL. Where a department makes a Reserve Claim, it is subject to an assessment of need, realism and affordability at the time at which the funds are released and requires approval by the Chief Secretary to HM Treasury. Support from the Reserve to departments' Resource or Capital DELs is non-recurrent, i.e. it will not affect departments' Spending Review baselines.

**Resource Departmental Expenditure Limit (RDEL)**

RDEL forms part of the voted limits on departmental spending in line with budgetary controls along with Resource AME and capital DEL (CDEL). RDEL can either be in administration costs or programme costs. NS&I's RDEL matches its administration costs. NS&I does not have any RDEL in programme costs. CDEL and AME are included in programme costs.

**Retail Prices Index (RPI)**

A measure of price inflation, calculated by the Office for National Statistics (ONS) each month. It has not been reported as a National Statistic since 2013 and the ONS has set out detailed analysis of the shortcomings of RPI as a measure of inflation.

**Spending Review**

Spending Reviews set budgets for government departments. They outline the improvements that the public can expect from government spending.

**Supplementary Estimate**

This is how departments can seek to amend parliamentary authority provided through Main Estimates by altering the limits on resources, capital and/or cash or varying the way in which provision is allocated. They are normally presented in January of each year.

**Tax foregone**

As NS&I's tax-free products potentially deprive HM Treasury of tax revenue, this tax foregone is taken into account when calculating the Value Indicator.

**Tax-free**

When used in the context of NS&I products, this means that interest earned or prizes won are exempt from UK Income Tax and Capital Gains Tax.

**Tax-Free Childcare**

A government scheme that allows eligible working parents to receive: up to £2,000 per child per year towards the costs of registered childcare needed for work; and up to £4,000 for disabled children. Tax-Free Childcare is being delivered by HMRC in partnership with NS&I.

**Treasury Bills**

Ultra-short-term government bonds. They do not earn interest; instead, they are sold at a discount to their face value.

**UK Debt Management Office (DMO)**

Part of the HM Treasury group responsible for cash management on behalf of the Chancellor of the Exchequer and the sale of government stock (gilts) and Treasury Bills.

**UK Government securities**

Our bonds and certificates are UK Government securities issued by HM Treasury under the National Loans Act 1968.

**Unclaimed assets**

Savings or investments belonging to a customer with whom we have lost contact. Customers who think they have unclaimed assets can contact us to trace them through [www.mylostaccount.org.uk](http://www.mylostaccount.org.uk)

**Value Indicator**

An indication of our cost-effectiveness in raising finance for the Government. In general, it compares the total cost of delivering Net Financing and servicing existing customers' deposits with how much it would cost the Government to raise funds through the wholesale market via equivalent gilts. Some adjustments and assumptions are made to the calculation, including in identifying and applying an equivalent gilt, in response to specific NS&I product features. Index-linked Savings Certificates are included in the calculation of the Value Indicator and use the same approach as for other products, with one exception to the formula. As the real yield gilt comparators for RPI linked products are currently negative, NS&I applies a floor to the comparative yield set at zero, which means the calculation does not fully reflect the Value Indicator profile of this product. The Value Indicator methodology is agreed with HM Treasury and is reviewed and revised periodically, with its agreement, to support a long-term approach to product strategy.

### Calculating the Value Indicator

The Value Indicator equals:	Comparator cost to the Government <sup>(1)</sup>
Less:	<ul style="list-style-type: none"> <li>- Interest and prizes earned by investors in NS&amp;I's products<sup>(2)</sup></li> <li>- Management costs of NS&amp;I products (net of the equivalent of the DMO's costs and leveraging revenue)</li> <li>- Tax foregone on NS&amp;I's total stock of 'tax-free' products</li> </ul>

#### Note

(1) This is the cost of raising funds in the wholesale market of an equivalent term. For fixed rate products it is the term of the product, while for variable rate products it is the average length of time the product is held by the customer.

(2) This does not include costs arising from policy products, which are reported separately by HM Treasury. Policy products are issued from time to time by NS&I at the request of HM Treasury in order to support particular policy objectives.

### Variable rate products

Savings and investments where the rate of interest can be changed from time to time, in accordance with the terms and conditions.

### Warrant

A type of payment similar to a cheque.

## Contacts and more information

We want to make it as easy as possible for you to contact us at any time in a way that is convenient for you.

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### Internet

Visit our website



[nsandi.com](https://www.nsandi.com)

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### Twitter

For customer enquiries



[@nsandihelp](https://twitter.com/nsandihelp)

For media enquiries



[@nsandi](https://twitter.com/nsandi)

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### Telephone

For sales and general enquiries, call us free on



**08085 007 007**

Our customer service team is available from 7am to 10pm, seven days a week. Calls may be recorded.

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### Textphone

To use the Text Relay Service, just dial 18001 from your textphone and enter the telephone number you want to call. When the call is answered, a Text Relay operator will join in the call and communicate your written request to us.



**18001**

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### Post

Write to us at



**NS&I, Sunderland SR43 2SB**

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### Thank you

NS&I would like to thank all colleagues for their contribution to the 2021–22 Annual Report and Accounts.





