



# **NS&I Annual Report and Accounts and Product Accounts 2022–23**

**National Savings and Investments  
Annual Report and Accounts and Product Accounts 2022–23**

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 His Majesty.

Ordered by the House of Commons to be printed on 29 June 2023.

This is part of a series of departmental publications which, along with the Main Estimates 2023–24 and the document Public Expenditure: Statistical Analyses 2023, present the Government’s outturn for 2022–23 and planned expenditure for 2023–24.



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## **CORRECTION SLIP**

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The document provides a comprehensive account of National Savings and Investments' (NS&I) use of resources and information about NS&I's core activities. It also describes NS&I's performance and achievements against its objectives.

This correction slip replaces four typographical errors in the document relating to the wrong year being reported for performance-related payments in footnote 2, under Table A on page 56.

### **Correction**

Page 56

#### **Text Currently Reads:**

“(2) 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 2022-23 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 2022. Performance-related payments for 2020-21 are performance-related payments for the 2019-20 performance year.”

#### **Text Should Read:**

“(2) 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 2022-23 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 2022-23 are performance-related payments for the 2021-22 performance year, which were paid in September 2022. Performance-related payments for 2021-22 are performance-related payments for the 2020-21 performance year.”

# Who we are

**National Savings and Investments (NS&I) is one of the largest savings organisations in the UK with more than 24 million customers and over £218 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 2022–23, 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 2022–23

**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 2022–23 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 2022–23, 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 2022–23:

- 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

**24 million**  
customers

**100%**  
security backed  
by HM Treasury

**162 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.

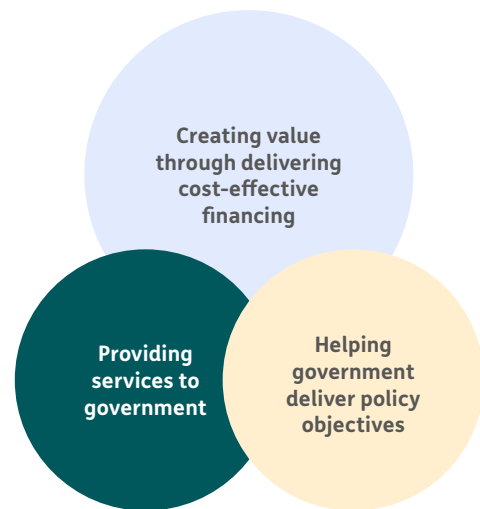
#### Straightforward

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.**



**Our strategic aims in 2022–23**



**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

**Welcome to our Annual Report 2022–23, a year where NS&I has delivered for government and for savers while also facing some significant headwinds. We marked key milestones, with the 65th anniversary of the first Premium Bonds prize draw and our 500th Premium Bonds millionaire, alongside making progress on the long-term transformation of our business. We also joined the nation in September 2022 to pause for a period of national mourning to reflect upon the remarkable service and legacy of Her Late Majesty Queen Elizabeth II.**

The UK savings market has been dynamic in 2022–23 and we responded to this appropriately and consistently. As the Bank of England base rate was successively raised during the year, we made a series of interest rate increases across our variable and fixed-term products.

This included five increases to the Premium Bonds prize fund rate and bringing one-year terms of Guaranteed Growth Bonds and Guaranteed Income Bonds back on sale. These changes supported savers at a time when many people across the country were experiencing cost-of-living pressures.

The dynamic nature of the savings market meant that inflows to NS&I fluctuated throughout the year. Towards the end of the financial year, we saw higher-than-forecast inflows, resulting from changes in the wider market. This meant that we exceeded our 2022–23 Net Financing target, delivering £10.0 billion of financing, against a target of £6 billion (+/- £3 billion).

It is disappointing that we missed our customer satisfaction target for the year. We recorded 74.56% against a target of 84%. We set ourselves high standards here and are taking action to improve our performance in the coming year.

NS&I has for several years now played a broader role within

government, using our payment processing systems to help deliver key public services. I am pleased we are now supporting projects to achieve net zero emissions by 2050 through the funds invested by savers in Green Savings Bonds, a great example of how NS&I can support wider government policy.

For over 160 years we have been at the heart of the savings sector. Our transformation programme will build on this legacy: significantly improving customers' experience of NS&I while also improving our efficiency. All procurement packages for our new multi-supplier model were launched in 2022 and a key milestone was achieved in May 2022, with the appointment of IBM as our first new delivery partner.

During 2022–23, the broader programme faced headwinds related to a change in the procurement landscape created by the economic situation making suppliers much more risk-averse, and challenges ensuring potential partners could meet our specific requirements.

This has, unfortunately, delayed the completion of the programme. To ensure we maintain delivery of services to our retail customers, we have exercised an option for our partner, Atos, to provide operational continuity through to March 2025 to ensure that we can complete the transition to a multi-supplier model.



As we move into 2023–24, we do so with a clear sense of momentum returning.

On a personal note, I am proud to have been reappointed as Chair of NS&I for a further 18 months until the end of June 2024, to provide further continuity as we deliver our strategic transformation programme.

There have been changes to the NS&I board as well. I extend my personal thanks to Sharmila Nebhrajani for her five years' service as a Non-executive Director and for chairing the Audit and Risk Committee. I also welcome David Woodward to the NS&I board. David joined us in January 2023 and brings extensive experience of successfully delivering strategic change within large and complex businesses. I would also like to congratulate our former Non-executive Director, James Furse, who was awarded an OBE for public service in the New Year's Honours List 2023.

Finally, I would like to thank NS&I's former Chief Executive, Ian Ackerley, for his six years of leadership and service to the organisation. Ian retired from NS&I in March 2023 and he can take pride in his significant and lasting achievements, including NS&I's Inspire & Invest strategy. At its core is a simple, but compelling, vision: for NS&I to inspire a stronger savings culture where everyone should have the opportunity to save

confidently. On behalf of the whole board and colleagues at NS&I, we wish Ian well in his retirement.

NS&I continues to move forward and we welcome our new Chief Executive, Dax Harkins. Dax has been at NS&I for nearly 20 years and a member of our executive team since 2014. His knowledge and understanding of our organisation is second to none, and he has shown throughout his time here a commitment and enthusiasm that is an inspiration to everyone around him. I know that will continue as he leads the business through our exciting transformation journey to become the nation's most trusted savings provider.

I would like to close by thanking other board members, our senior leadership team and all NS&I and Atos colleagues for their effort and dedication this year. As ever, it is our people who we rely on to deliver for government, our customers and taxpayers.



**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 42 to 53.

# Chief Executive's overview

**As the new Chief Executive of NS&I, I'm proud and honoured to have this opportunity to lead the organisation at such an exciting time, when we are transforming the business to ensure that it continues to be a vital part of raising finance for government and helping our nation to save.**

**I joined NS&I almost 20 years ago and was immediately struck by how NS&I's values were lived by everyone in the organisation, how everyone put the customer first and made a real difference. That's what gives me confidence now as we drive the exciting transformation of NS&I, that will enable us to successfully deliver for our customers and the nation in the years ahead.**

I'm pleased to say that our Annual Report for 2022–23 shows a year of delivery for government and for savers – albeit one where we have faced some significant challenges.

We have made another significant contribution to the Government's debt financing requirements, delivering £10.0 billion of Net Financing in 2022–23. However, this means that we exceeded our target for the year, which was £6 billion (+/- £3 billion). At the very end of the financial year, following uncertainty in the US banking sector, we unexpectedly received a number of high-value deposits which took us over the upper end of our target range. In the opening months of 2023–24, we saw deposits return to more normal levels.

At the same time, we have supported savers with a series of interest rate increases across our products. In the background, we have continued to lay the foundations for many more years of delivery for government and savers, by making progress with our strategic transformation programme.

It is important to acknowledge that 2022–23 has been a difficult year for many people in the UK due to cost-

of-living pressures. As a cornerstone of the UK savings market and an important part of the Government's debt financing arrangements, NS&I has an essential part to play in supporting savers and the public finances through this period.

This Annual Report looks back on the achievements and challenges of the last year for NS&I and looks forward to exciting times ahead for the organisation. NS&I has always been at its best when staying true to its values, but continuing to understand what our customers want in the future.

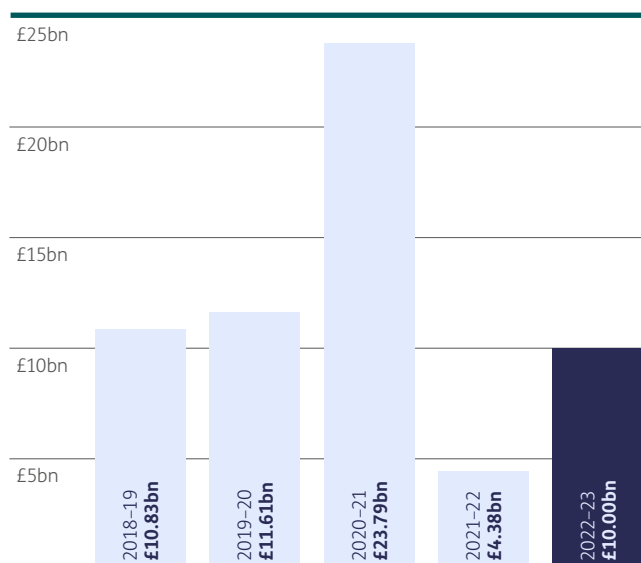
## Supporting savers

The savings market changed rapidly in 2022–23, driven by the succession of base rate increases made by the Bank of England during the year. NS&I responded with a series of interest rate increases to our variable and fixed-term products, in line with our operating framework to balance the interests of savers, taxpayers and the stability of the broader financial services sector.

These changes included five increases to the Premium Bonds prize fund rate – meaning that by



### Net Financing



March 2023, we were paying out 1.6 million more prizes each month than 12 months earlier; bringing one-year Issues of Guaranteed Growth Bonds and Guaranteed Income Bonds back on sale; and increasing rates on other products, including Direct Saver and Income Bonds, which benefited more than 870,000 savers.

Given that the base rate moved up eight times during the year, it was

vital that we were able to adjust our interest rates quickly in response.

For 2023-24, our Net Financing target has been set at £7.5 billion (+/- £3 billion), which is a 25% increase in our target compared with last year.

#### Operating efficiently

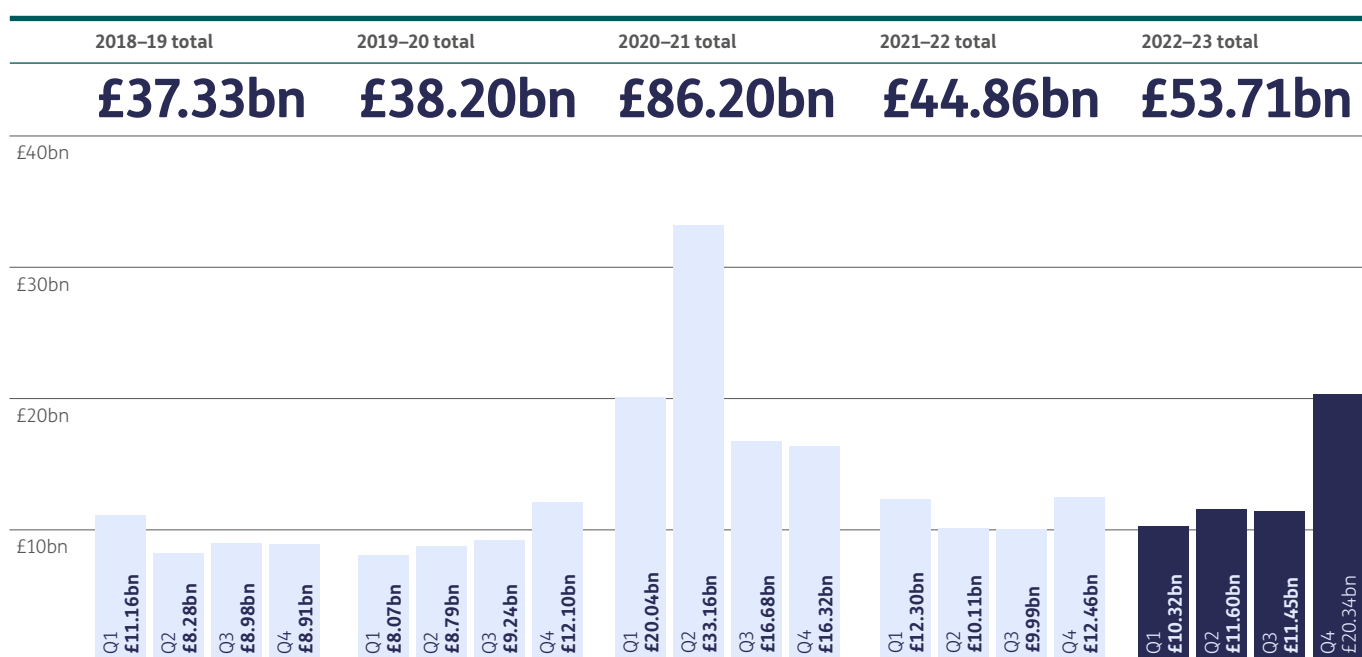
We once again met a key measure of our cost-effectiveness – the efficiency ratio – which shows how

much it costs us to manage each £100 of funds we hold. This year, the figure was 6.7p, compared with 6.8p in 2021-22.

#### Green Savings Bonds

We were pleased to release two new Issues of Green Savings Bonds in 2022-23, with Issue 4 paying an interest rate of 4.2%. Funding raised via this product (which sits outside of NS&I's Net Financing target) contributes towards green projects

### Gross inflows to NS&I (£bn)



chosen by the Government as part of its Green Financing Framework, including clean transport, energy efficiency and renewable energy. These projects will help tackle climate change and the UK's transition to net zero emissions by 2050.

The product is an example of how NS&I is supporting wider government policy and is an excellent opportunity for customers who want to save, while helping to make the world greener, cleaner and more sustainable.

Green Savings Bonds customers also benefit from the transparent way in which the funding from the product is allocated, via the annual publication of the Green Financing Allocation report. The first of these reports was published in September 2022.

**Two-factor authentication**

The safety and security of our customers' money is of paramount importance to us, and in July 2022, we implemented two-factor authentication, which adds an additional layer of security to our customers' transactions. While large numbers of customers are using the new system without issue, we have seen a relatively small number of customers experience problems with, for example, unsupported web browsers or reaching the maximum number of permitted browsers they can use. We apologise to those customers affected by this issue and have taken a number of

steps to lessen the impact on our customers. We introduced a long-term resolution in spring 2023.

**Customer satisfaction and complaints**

Understandably, the challenges with two-factor authentication had a negative impact on our customer satisfaction levels and it has been busier, at times, in our call centres than customers should expect. These are not the standards we accept and we are taking action to improve our performance in the coming year. It contributed to us missing the target for this SDM in 2022-23, with a performance figure of 74.56%, against a target of at least 84%.

These issues led to an increase in complaint numbers in 2022-23. Additional staff were deployed in our contact centres in response. Albeit, in common with others in the sector, our outsource partner has faced a challenging recruitment market.

Our SDM for complaints looks at the number of complaints upheld by the Financial Ombudsman Service in favour of the complainant. Here, we improved our position on last year. We met the 2022-23 SDM, achieving 1.04%, against a target of less than 1.6% of total complaints raised found to be against NS&I by the Financial Ombudsman Service (FOS). This compares with a performance figure of 1.64% last year, against a target of less than 0.5% of complaints raised found to be against NS&I by FOS.

**Highlights**



**£10.0 billion**

Net Financing delivered.



**6.7p**

For every £100 held with NS&I, 6.7p was spent on administration in 2022-23.

**Premium Bonds milestones**

Premium Bonds continue to be one of the most popular savings products in the UK and June 2022 was the 65th anniversary of the first Premium Bonds prize draw. In February 2023, ERNIE generated the winning number to create the 500th Premium Bonds £1 million jackpot winner; and March 2023 saw the largest ever Premium Bonds prize fund, of £330 million, alongside the milestone of having paid out over £25 billion in prizes since the first draw in 1957. By March, the prize fund rate had reached 3.30%, the highest for 14 years.

**FCA Consumer Duty**

NS&I operates under voluntary compliance with the relevant parts of the FCA's requirements. We have reviewed the FCA's new Consumer Duty requirements to understand what they mean for our business and which areas are applicable to NS&I.

**Business-to-business performance**

Our business-to-business services continue to support the delivery of government policy effectively and efficiently, helping to reduce costs to taxpayers and improve the quality of service to customers.

We met key performance indicators across 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 many people. During the year, the Mortgage Guarantee Scheme that NS&I helps to administer was extended for one more year to December 2023.

The March 2023 Spring Budget also saw the announcement that 30 hours' free childcare would be extended to younger children and the extension of the Help to Save scheme. We are proud to play a central role in administering both of these key policy initiatives.

**Inspire & Invest extension**

Our five-year corporate strategy, Inspire & Invest, was originally due to end in March 2023. We took the decision to extend the strategy by two years to March 2025 to provide a transition period to align with the delivery of our transformation programme. We also took the opportunity to align the strategic aims of Inspire & Invest with those of our transformation programme – making it clearer for stakeholders to understand NS&I's strategic direction. The three aims are: *Building a self-service digital business; Increasing efficiency; and Building a nimble, scalable and flexible business.*

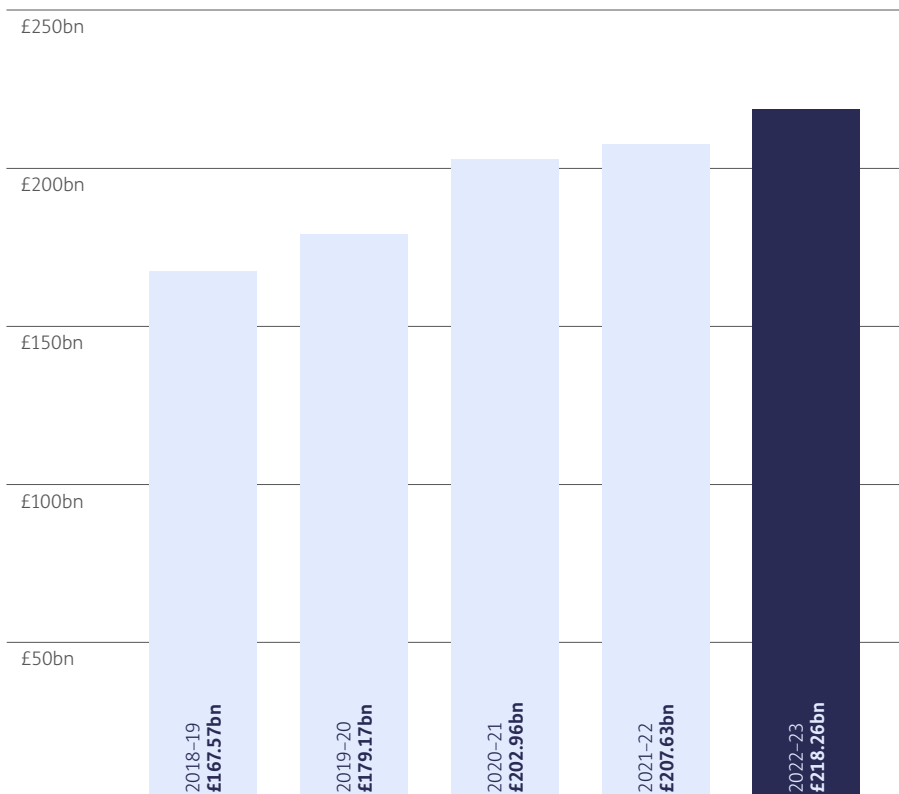
**Highlights**



**36%**

36% of purchases were made online during 2022-23. 62% of purchases were made by electronic transfer.

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



### Long-term transformation programme

Given the pace of technological change and our important role as a source of funding for government, it is vital that we build a modern, accessible and sustainable business that can deliver the right products and services for our customers, the flexibility and resilience to embrace the opportunities of the future, and, ultimately, raise funding to support vital public services.

This year, we have continued to make progress in the delivery of this programme. We have been working closely with our first new delivery partner, IBM, who will deliver the technical integration and security monitoring capabilities of our future multi-supplier business model. We have focused on integrating their new capabilities with our existing legacy infrastructure.

In addition, the design for a Service Integration and Management function, to support our multi-supplier model, has been completed, and we awarded Capgemini a two-year contract in December 2022 to help provide services to support us in building this capability. We have also rolled out a programme of engagement across our business to embed colleague understanding of the aims of the programme and what the transformation will mean for how we will operate.

As part of our transformation programme, we decided in 2022 to tender for a three-year contract for delivering our business-to-business services, while we implement the new multi-supplier model in our retail business. We evaluated proposals from potential suppliers based on their compliance, price, quality and legal aspects. Following stringent evaluation, we have selected Sopra Steria as the successful bidder, as they offered a strong, deliverable solution. We are now working collaboratively with the current supplier to ensure a smooth transition.

However, despite the good progress made, the programme faced headwinds in 2022–23 related to a change in the procurement landscape created by the broader economic environment. This has driven a change in the risk appetite of the supplier market and the basis on which they are willing to bid for new business.

Alongside this, we expected to award the contract for our second procurement package – which will deliver a new digital experience for our customers – by October 2022. While the procurement process drove strong competition, all of the final proposals had elements that did not meet our specific requirements. This was a highly unusual position and meant that we were unable to award the contract by the end of 2022, as expected.

The delays we encountered meant that we had to adjust the timetable for the full implementation of our transformation programme. To ensure services to our customers were not disrupted, in January 2023, we exercised an option for our delivery partner, Atos, to provide operational continuity through to March 2025, ensuring that we can complete the transition to the multi-supplier model.

Since then, we made good progress refining our requirements and assessing procurement options, and we re-started our engagement with the supplier market on the digital experience package in May 2023. We are on track to award the contract by autumn 2023. We also expect to award contracts for Contact Centre and Operations, and Core Banking and Payments by the autumn.

### Employee engagement

We could not have achieved the things we have this year without the talent, dedication and hard work of our people – they are our most important asset. It was pleasing, therefore, that the level of staff engagement, as measured by

the Civil Service People Survey in 2022, improved from 61% to 65%. However, in spite of this significant improvement, we did not achieve our employee engagement SDM.

We will continue to work on employee engagement by implementing important activity that supports our refreshed employee value proposition and demonstrating how NS&I is a great place to work, with the target for us to return to a high-performing department in 2023–24.

### Recruitment and retention

NS&I continues to face challenges in recruitment and retention. This is currently a challenge across much of the labour market, but it is particularly acute for NS&I, where we are competing for candidates against higher-paying businesses in the financial services sector for sought-after skills in digital, data and technology.

To help mitigate this, we are developing our People Strategy, focusing on a number of key areas within the business, including our future organisational design and the skills needed to deliver our transformed business; recruiting and retaining employees; developing, managing and rewarding our people; our workplace and our ways of working; and promoting diversity and inclusion.

### Diversity and inclusion

We were pleased this year to again meet our ethnic diversity SDM, where our target was no less than 13% ethnic minority colleagues in SCS + NS&I bands 1–3, and we ended the year at 14.29%. However, we were disappointed to again miss our gender balance SDM. Our target for 2022–23 was a 50:50 balance in senior leadership (in a range of 40–60%) but we ended the year at 33.0%.

The senior leadership data sets we use to judge these targets are volatile as they represent a relatively small

number of colleagues – meaning each colleague who joins or leaves the organisation can influence the percentages materially. For this reason, we will be retaining gender diversity and ethnic diversity as key targets in 2023–24, which we will report on publicly in our Annual Report, but we will remove them as SDMs.

**Office move**

It has been energising to see colleagues across the business and across our UK sites embrace hybrid working and experience the benefits of reconnecting with each other face-to-face. In October 2022, our London office moved from a private sector building to a Government Property Agency (GPA) hub, aligned with the approach of central government.

**Looking ahead**

At board level, I was delighted that Ed Anderson has been reappointed as Chair of NS&I for a further 18 months until the end of June 2024. He will bring continuity at a key time.

I thank all NS&I and Atos colleagues for their dedication, drive and determination over the last year – they should be extremely proud of what they have achieved. I also thank our former Chief Executive, Ian Ackerley, for his six years leading NS&I. He delivered for government and customers and made NS&I accessible to a new generation of savers.

NS&I is a trusted savings provider for more than 24 million customers. It is still vibrant and relevant today because every customer is valued and every employee is a custodian of its future.

We are transforming our business to ensure we can continue to serve government, savers and taxpayers for decades to come.



**Dax Harkins**

**Chief Executive  
National Savings and Investments**  
26 June 2023



# Our performance in 2022–23

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. For 2023–24, we have reduced the number of SDMs from 11 to six to ensure that we focus on key priorities. All 11 of the measures listed below will continue to be tracked and analysed by NS&I.

Service Delivery Measures	Description	2021–22	2022–23	2023–24
<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> £6 billion (+/- £3 billion)  <b>Performance</b> £4.4 billion	<b>Target</b> £6 billion (+/- £3 billion)  <b>Performance</b> £10.0 billion ✗	<b>Target</b> £7.5 billion (+/- £3 billion)
<b>2</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> 97.36% <sup>1</sup>	<b>Target</b> At least 95%  <b>Performance</b> 99.66% ✓	<b>Target</b> At least 95% (no longer an SDM)
<b>3</b>	<b>Customer satisfaction<sup>2</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 80%  <b>Performance</b> 84.80% <sup>3</sup>	<b>Target</b> At least 84%  <b>Performance</b> 74.56% ✗	<b>Target</b> At least 80%
<b>4</b>	<b>Government Payment Services (GPS) delivery performance</b> <b>Goals and objectives</b> To achieve or exceed the minimum threshold level of timeliness, availability and accuracy <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	<b>Target</b> 95%  <b>Performance</b> 95.18%	<b>Target</b> 95%  <b>Performance</b> 95.89% ✓	<b>Target</b> 95%

<sup>1</sup> Due to the impact of COVID-19, the number of measures that made up the Operational Delivery SDM in 2021–22 differed 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 with previous or future years.

<sup>2</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>3</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 with 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.

Service Delivery Measures	Description	2021–22	2022–23	2023–24
<b>5</b>	<p><b>Digital-first 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> 83%</p> <p><b>Performance</b> 82.6%</p>	<p><b>Target</b> 85%</p> <p><b>Performance</b> 85.03% ✓</p>	<p><b>Target</b> 87%</p>
<b>6</b>	<p><b>Efficient administration of funds 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> 6.77 basis points</p>	<p><b>Target</b> Less than 7.20 basis points</p> <p><b>Performance</b> 6.70 basis points ✓</p>	<p><b>Target</b> Less than 7.20 basis points</p>
<b>7</b>	<p><b>Fraud management<sup>4</sup> 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> 0.00027%</p>	<p><b>Target</b> Below 0.001% of average funds invested by customers</p> <p><b>Performance</b> 0.00063% ✓</p>	<p><b>Target</b> Below 0.001% of average funds invested by customers (no longer an SDM)</p>
<b>8</b>	<p><b>Financial Ombudsman Service (FOS) 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> 1.64%</p>	<p><b>Target</b> Less than 1.6% of total complaints raised found to be upheld against us by the FOS</p> <p><b>Performance</b> 1.04% ✓</p>	<p><b>Target</b> Less than 0.84% of total complaints raised found to be upheld against NS&amp;I by the Financial Ombudsman Service (no longer an SDM)</p>
<b>9</b>	<p><b>Gender balance<sup>5</sup> 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> 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 CEO/SCS + NS&amp;I bands 1–3, within a range of 40–60%</p> <p><b>Performance</b> 33.0% ✗</p>	<p><b>Target</b> 50:50 balance in CEO/SCS + NS&amp;I bands 1–3, within a range of 40–60% (no longer an SDM)</p>

<sup>4</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 2022–23 were £1,324,472. Compared on a like-for-like basis against 2021–22, net fraud losses in 2022–23 were 139% higher. In addition, the controls we have in place to combat fraud have resulted in attempts with a total value of £16,843,235 being prevented, down by £14,344,383 from prevented losses in 2021–22. 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.

<sup>5</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.

Service Delivery Measures	Description	2021–22	2022–23	2023–24
<b>10</b>	<p><b>Ethnic diversity<sup>5</sup></b>  <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>                      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 CEO/SCS + NS&amp;I bands 1–3</p> <p><b>Performance</b>                      14.29% ✓</p>	<p><b>Target</b>                      No less than 15.3% ethnic minority colleagues in CEO/SCS + NS&amp;I bands 1–3 (no longer an SDM)</p>
<b>11</b>	<p><b>Employee engagement</b>  <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>

# 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 2022–23 we spent £166.1 million (2021–22: £156.3 million), which is £10.5 million (2021–22: £8.0 million) lower than the amount allocated by Parliament in the 2022–23 Supplementary Estimate.

The 2022–23 Main Estimates included additional ring-fenced controls. This meant that the budget (£56.6 million)

allocated for the delivery of the transformation of NS&I's outsourced business process services, the Transformation Programme, could only be spent on those specific areas. As part of the Supplementary Estimates process, it was agreed that the budget for the Transformation Programme would be reduced in 2022–23 by £16.9 million to £39.7 million, with the revised budgetary requirement for the Programme being re-profiled to future years.

NS&I underspent on this ring-fenced budget by £5.20 million.

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

**i For more details, see the full Statement of financial position on page 84.**

## Financial position

At 31 March 2023, NS&I's total assets less total liabilities were £33.8 million, £5.0 million lower than at 31 March 2022. Non-current assets increased by £6.9 million from £66.9 million to £73.8 million. IFRS 16 Leases was implemented, bringing a net amount of £5.2 million onto the Statement of financial position. Furthermore, more than £11.1 million was added to non-current assets through the development of the digital integration platform. Total liabilities, excluding client funds, increased by £21.5 million. Part of the increase was through the liabilities created by the implementation of IFRS 16, increased amount owing to the Consolidated Fund and other liabilities.

### 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 2022–23, we paid 98.7% (2021–22: 99.8%) 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

Spending Review 2021 covered the years 2022–23 through to 2024–25.

NS&I worked closely and transparently with HM Treasury to set out our resource and capital requirements, including for the delivery of the transformation programme. The outcome was that our Resource Departmental Expenditure Limit (RDEL) was agreed for all next three years, which provides us with the resource to

manage our operations effectively and complete the planned strategic transformation to a self-service digital business, able to respond more nimbly to government, customer and wider market needs, with greater efficiency.

We will continue to work closely with HM Treasury to plan the transformation and operational improvements in detail.

**i For more details, see the full Statement of financial position on page 84.**

## How we spent taxpayers' money

### Public Sector budgeting framework

NS&I's net spending is broken down into four spending control totals for which Parliament's approval is sought. These are:

- Resource Departmental Expenditure Limit (RDEL): A net limit comprising day-to-day running costs, less income from the leveraging of NS&I's core infrastructure and capabilities through its business-to-business activities. Gross RDEL expenditure is therefore offset by income.
- Capital Departmental Expenditure Limit (CDEL): Investment in capital equipment such as IT equipment, Plant and Machinery, Furniture and Fittings and IT software and other intangible assets, acquired outside the PPP contract in place with NS&I's service provider.

- Resource Annually Managed Expenditure (RAME): A limit to cover unforeseen or unplanned expenditure such as revaluation losses or provisions as and when required.
- Capital Annually Managed Expenditure (CAME): A limit to cover expenditure such as long-term capital provisions.

In addition to these control totals, Parliament votes on NS&I's net cash requirement which covers most of the elements outlined above where NS&I is required to pay out cash in year.

	Reconciles to SoPS Note	Outturn £000	Estimate £000	Variance £000	Explanation
Net Resource DEL	SoPS1.1	166,079	176,576	10,497	See table below
Capital DEL	SoPS1.2	11,454	28,118	16,664	Lease agreement that was due to be signed during the year was delayed
Resource AME	SoPS1.1	-	6,700	6,700	No revaluation losses or requirement for provisions
Capital AME		-	1,300	1,300	Lease agreement not signed so no requirement for CAME

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

	2022-23 Outturn	2022-23 Variance compared with Estimate	2021-22 Outturn	2021-22 Variance compared with Estimate
	£m	£m	£m	£m
Net resource requirement	166.1	10.5	156.3	8.0
<i>of which:</i>				
Departmental Expenditure Limit (DEL) <sup>(2)</sup>	166.1	10.5	156.3	8.0
Annually Managed Expenditure (AME) <sup>(2)</sup>	0.0	6.7	0.0	2.3
Non-budget adjustments <sup>(3)</sup>	9.0	(9.0)	2.6	(2.6)
<b>Net operating cost (Accounts)</b>	<b>175.1</b>	<b>8.2</b>	<b>158.9</b>	<b>7.7</b>
Capital expenditure (CDEL)	11.5	16.6	0.1	0.6
Non-budget adjustments <sup>(3)</sup>	8.4	(8.4)	12.1	(12.1)
<b>Total capital expenditure (Accounts)</b>	<b>19.9</b>	<b>8.2</b>	<b>12.2</b>	<b>(11.5)</b>
<b>Net cash requirement</b>	<b>169.1</b>	<b>24.6</b>	<b>145.0</b>	<b>26.1</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 69 provides figures to the nearest £1,000 and provides details of the Estimate.

(2) See the Glossary on pages 124 to 126 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>

	2022-23 £m	2022-23 £m
Lower depreciation costs	2.6	
Lower staff costs	1.5	
Lower marketing costs	1.6	
Lower programme costs	4.5	
Other differences	0.3	
<b>Total DEL underspend</b>		<b>10.5</b>
Lower requirements for provisions	6.7	
<b>Total AME underspend</b>		<b>6.7</b>
<b>Total underspend against Estimate</b>		<b>17.2</b>

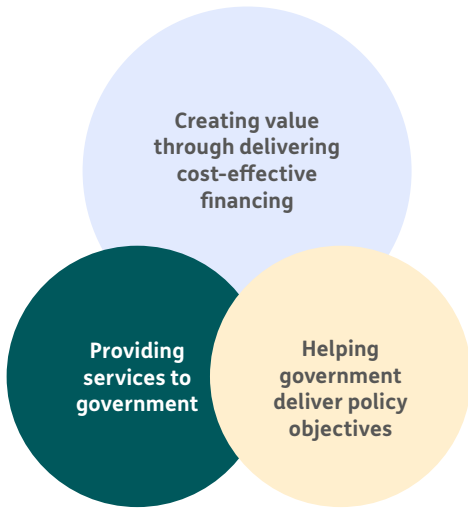
(1) Figures are presented here to the nearest £0.1 million. Note: SoPS1.1 on page 69 provides figures to the nearest £1,000.



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
26 June 2023

# Our strategy

Our corporate 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. These are:

- Delivering for government
- Delivering digital-first products and services for our customers
- Using our insight and policy expertise to meet our customers' needs
- Delivering efficiently
- Doing the right thing
- Being inspiring and empowered

### Inspire & Invest extension

Inspire & Invest was originally due to end in March 2023. In June

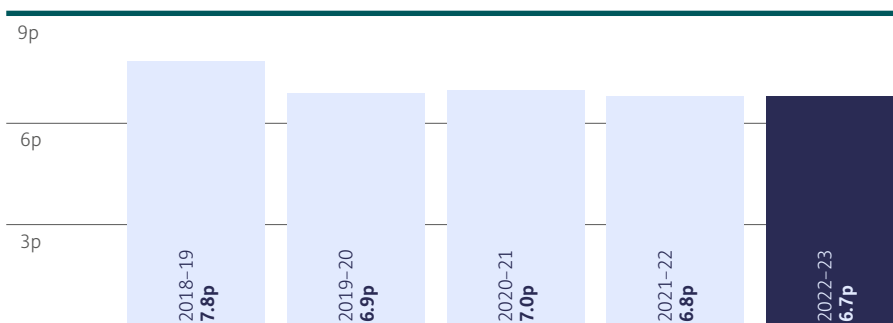
2022, our board agreed to extend the strategy by two years to March 2025 to provide a transition period to align with our strategic transformation programme. We took the opportunity to align the strategic aims of Inspire & Invest with those of the transformation programme – making it clearer for stakeholders to understand NS&I's strategic direction. The three aims of our transformation programme and strategic aims are now:

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

To ensure we remain focused on the delivery of our transformation programme, we have maintained our current in-year priorities into 2023–24. These are:

- Continue to successfully and efficiently deliver our core remit, meet our service delivery measures and continue to improve our knowledge and internal key processes;
- Make NS&I a great place to work;
- Deliver a compelling and inclusive customer offer, to improve overall customer experience and inspire trust; and

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



(1) For every £100 of stock held, the administration cost was 6.7p.

## Highlights



**2 million**

Two million people have now downloaded the prize checker app.



**359,000**

As of March 2022, more than 359,000 Help to Save accounts had been opened.

## Our strategy

- enable NS&I's journey to becoming the most trusted savings provider in the UK. Transform internally and with suppliers and partners, to deliver a cost-effective, secure and resilient self-service digital business.

Below is a summary of our performance against each of the six objectives of Inspire & Invest in 2022–23.

### Delivering for government

The primary way we deliver for government is by providing a reliable and sustainable source of cost-effective financing. As set out in the Chief Executive's overview, this year we delivered £10.0 billion of Net Financing. We also deliver for government through policy products and business-to-business services. In addition to those activities discussed in the Chief Executive's overview, in 2022–23 we:

- Continued to support Help to Save, the Government's flagship savings scheme for people on low incomes. As at March 2022, more than 359,000 accounts had been opened since the scheme went live in September 2018 and more than £257 million has been invested.

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

We continue to improve the digital options available for our customers to transact and manage their savings with us. This year, we met our SDM for digital-first with a performance figure of 85.03%, against a target of 85%, after narrowly missing the target for this SDM last year. Across our whole product range, 36% of purchases were made online during 2022–23.

During the year, we also:

- Increased the use of our virtual assistant. In 2022–23, this fielded 25% of incoming calls, getting customers the information they need quickly and effectively.
- Launched biometric log-in for our iOS prize checker app.

- Saw 400 more financial advice firms register for our online adviser service, meaning that more than 1,600 firms have now registered to use the service.

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

This year, we also continued to drive sharing of insight and best practice across the Civil Service and broader public sector via the Retail Customer Financial Services Forum. Sessions held during 2022–23 included topics on employee engagement and value propositions, hybrid working, experiences of operational change and environmental, social and governance approaches.

### Delivering efficiently

We were able to again increase the efficiency of our operations. In 2022–23, it cost us 6.7 pence to manage every £100 of stock we hold, compared with 6.8 pence in 2021–22. Our strategic transformation programme will enable us to increase our efficiency still further, minimising the use of manual processes.

### Doing the right thing

#### Consumer Duty

In response to proposals set out by the Financial Conduct Authority (FCA) on Consumer Duty in July 2022, we have researched the areas which are applicable to NS&I.

Following the FCA multi-firm review in January 2023, a benchmarking exercise has been completed to assess NS&I's performance against the key themes and best practice points identified. We will use the results from this exercise to make any appropriate adjustments to our approach.

#### Accessibility

NS&I is committed to ensuring accessibility for all of our customers, including those with characteristics of vulnerability or digitally excluded. This requires change and development across a number of areas and we are developing a

## Highlights



### 6.7p

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



### £219 million

Reclaimed in 2022–23 through My Lost Account and our own tracing service.



strategy that enables us to better understand the characteristics of vulnerability and digital exclusion in our customer base. By knowing these specifics, we can ensure that needs are designed for, identify specific groups who require additional support, plan appropriately and put relevant controls and measures in place.

### My Lost Account

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 more than 50,000 savers with over £219 million.

### Unclaimed assets

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 2022–23, the total amount of unclaimed assets was £4,255 million, compared with £3,650 million worth of unclaimed assets in 2021–22.

### Being inspiring and empowered

During the year, we:

- Launched an online Wellbeing Hub, which brings together wellbeing and financial support resources for all our colleagues.

### Highlights



In 2022-23, we launched an online Wellbeing Hub for our employees.

### Unclaimed assets

£m	Unclaimed assets 2021–22	Unclaimed assets 2022–23 <sup>(5)</sup>
Accounts	582	693
Certificates <sup>(1)</sup>	2,342	2,827
Income Bonds <sup>(2)</sup>	17	18
Unclaimed Premium Bonds prizes <sup>(3)</sup>	26	29
Residual Account <sup>(4)</sup>	683	689
<b>Total</b>	<b>3,650</b>	<b>4,255</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 102 to 116 of this report.

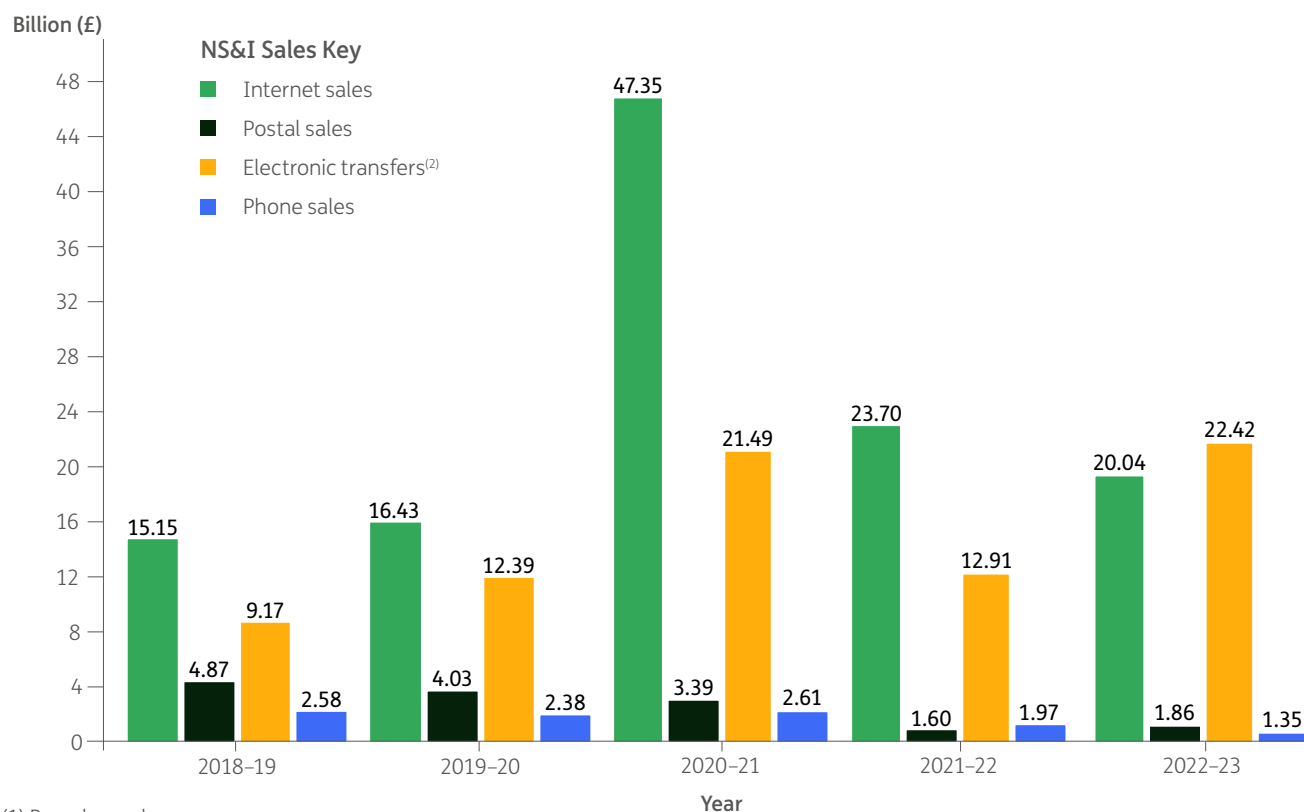
(5) Numbers do not add up due to rounding.

## Our product range

	Status (at 31 March 2023)	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)	On sale		●		●	●	●
Guaranteed Income Bonds <sup>(1)</sup> (purchase online only)	On sale		●	●	●	●	●
Green Savings Bonds (purchase online only)	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	●	●
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 people

**NS&I’s people are our most important asset, and attracting and retaining talented colleagues is a core component of our strategic transformation programme. We have continued to invest in our people in 2022–23, by supporting their professional development and personal wellbeing.**

## Employee engagement

This year it was pleasing that the level of employee engagement, as measured by the Civil Service People Survey in 2022, improved from 61% to 65%. We were particularly pleased that we saw increases in:

- Leadership and managing change, which increased by nine percentage points, from 55% to 64%
- Inclusion and fair treatment, which increased by eight percentage points, from 73% to 81%

However, we did not achieve our employee engagement SDM.

We will continue to work on employee engagement by implementing our refreshed employee value proposition and demonstrating how NS&I is a great place to work, with the target for us to return to a high-performing department in 2023–24.

## Recruitment and retention

NS&I continues to operate in an extremely competitive labour market, which – in combination with our Civil Service pay limitations – poses a significant constraint to attracting and retaining the talent we need to operate as a financial services business. Despite these constraints, NS&I has been successful in attracting colleagues, with 37 new starters welcomed during 2022.

This is critical, because the new operating model that our strategic transformation programme will deliver requires us to develop

‘intelligent client’ capabilities and expertise – such as digital, data and technology roles – which have been outsourced since 1999.

To help address these challenges, we are developing our People Strategy, focusing on a number of key areas within the business, including our future organisational design and the skills needed to deliver our transformed business; recruiting and retaining employees; developing, managing and rewarding our people; our workplace and our ways of working; and promoting diversity and inclusion.

## Diversity

NS&I’s strategic goal of embedding diversity and inclusion at the heart of our business remains a priority for us. We were pleased this year to again meet our ethnic diversity SDM, where our target was no less than 13% ethnic minority colleagues in SCS + NS&I bands 1–3 and we ended the year at 14.29%. However, we were disappointed to again miss our gender balance SDM. Our target for 2022–23 was a 50:50 balance in senior leadership (in a range of 40–60%) but we ended the year at 33.0%.

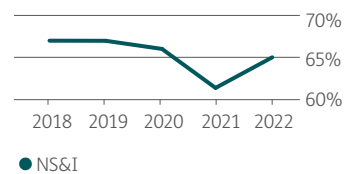
We remain committed to achieving gender balance and ethnic diversity within our senior leadership team. However, the leadership data sets we use are volatile as they represent a relatively small number of colleagues – meaning each colleague who joins or leaves the organisation can influence the percentages materially.

## Highlights



**65%**

Employee engagement score in 2022-23



## Our people

We will be removing gender diversity and ethnic diversity as SDMs in 2023–24. Instead, we are developing a broader suite of diversity targets and measures which we will report publicly against.

For the coming year, we will also look at representation at more junior grades and look to increase diversity in those applying for roles at NS&I.

We have also renewed our commitment to the Women in Finance Charter and are using the blueprint to further develop NS&I's Diversity and Inclusion plan.

Our RISE development programme to mentor and support colleagues from minority ethnic backgrounds to achieve their aspirations and potential has been successful, with 15 colleagues taking part.

### Hybrid working and London office move

It has been more than a year since NS&I adopted its hybrid working model. Colleagues across the business and at our UK sites have embraced the benefits of regularly reconnecting face-to-face, allowing greater collaboration and the opportunity to foster new working relationships.

In October 2022, NS&I's London office moved from a private sector building to a newly formed Government Property Agency hub aligned with the approach of central government. Once refurbishment works are completed and we move to our permanent position in the building, colleagues will benefit from better office facilities which continue to support office-based working.

### Wellbeing

NS&I was awarded Silver in the 2022 Mind Index Survey. While this is a good achievement, there were key recommendations about how we could create a more positive culture around mental health and wellbeing.

Since then, we have taken several steps to revitalise our wellbeing offering. We have launched a Wellbeing Hub which brings together wellbeing and financial support resources for all our colleagues. Our Wellbeing Group has expanded, with new volunteers joining across every directorate. We have arranged for refresher training for all mental health first aiders, trained additional mental health first aiders, and made mental health awareness training available for all colleagues. We also arranged for MyCSP pre-retirement

workshops to take place for colleagues over the age of 50.

### Gender pay gap and pay multiples

Although we are not required to do so by statute, we continue to report on gender pay differences in NS&I as part of our Remuneration and Staff Report on page 64. We recognise there is currently still 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 55.

# Corporate social responsibility

**NS&I is a commercially minded government organisation competing in the retail financial services sector in the UK. While we're a relatively small-scale employer, we are a large-scale organisation and are committed to running our business in a way that is financially viable and socially and environmentally responsible. This section of our report covers the five themes of our CSR strategy as well as data about our environmental performance in 2022–23.**

## Our approach

At NS&I, we see sustainability as an essential part of what makes us an efficient and responsible business and we recognise the need to help mitigate climate change and work towards Net Zero by 2050. Our corporate social responsibility strategy is built around the five key themes of environmental responsibility, responsible business, responsible customer interaction, employee welfare and wellbeing, and community involvement.

NS&I and Atos, our operational delivery partner, have committed to work in partnership to help monitor and measure the environmental aspects of our operations and drive improvements in environmental performance across the whole business in line with the Government's Greening Government Commitments (GGCs).

For environmental data reporting, we consider the 'whole entity' wherever possible and practicable. The only exception is for Atos' business travel and car fleet reporting, which they report on in their own annual report.

## Environmental responsibility

Through changes to our estates and the use of renewable energy at our sites, NS&I achieved a reduction of more than 300% in greenhouse gas

emissions by 2020–21, compared with our 2009–10 baseline. This comfortably met the Greening Government Commitments for 2016–20, which required organisations to reduce greenhouse gas emissions by at least 32% compared with a 2009–10 baseline.

The new Greening Government Commitments published in October 2021 moved the baseline year to 2017–18, but simply require ongoing reduction in greenhouse gas emissions. NS&I's aim is to achieve a reduction across all sites, and a key part of this is the impact of our London office move, which we completed in October 2022. We moved from Pimlico to a shared government hub in Westminster and our office space in the shared hub has reduced by around 50%.

We can achieve this as a result of NS&I being recognised as a MATURE SMART Working organisation. SMART Working is the Civil-Service wide quality workplace assessment (PAS 3001) for workplaces that are managed to reflect the modern ways of working, including hybrid working. The assessment is structured on the four key themes of workspace; technology; leadership; and culture/people. We are adopting the principles across all our locations in the UK.

## Highlights

**ISO 14001**

Retained ISO 14001 accreditation for our environmental management system.

The move in London to Sanctuary Buildings will see a significant reduction in our energy consumption. We moved into the site in October 2022, so initially there will only be half a year of that benefit which will be visible. Therefore, this report will evidence data for both our previous office at 1 Drummond Gate and our new office at Sanctuary Buildings. We will also see changes in how we can report, as our space is not directly metered for NS&I and will be calculated on an apportioned basis.

The initial space we occupy is temporary while the building-wide refurbishment programme is completed, and that will enable us to move to our long-term space, which is 50% less than the space we occupied in 1 Drummond Gate. As a government hub building, Sanctuary Buildings is subject to the Government Estate Strategy and the Government Net Zero commitments. This will bring further benefits in terms of reducing carbon emissions towards the Net Zero targets.

Another key change in the last year has been the fact that our operations in Blackpool fully transferred to a smaller site in Lytham. This has had the benefit of reducing energy consumption, and this financial year is the first when we solely report on the Lytham site, rather than the two buildings we previously reported on.

Within the Government Net Zero commitments, 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 are updating our CSR strategy to reflect the targets set and will continue to measure progress against them.

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

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 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 20% of NS&I's suppliers are certified Living Wage Employers, and a further 20% 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 NS&I's strategic transformation programme, 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 procurements.

We have ISO 14001 accreditation for our environmental management system, both in the NS&I Head Office and for our Atos operational sites. NS&I is accredited as a Living Wage Employer. 40% of our suppliers have made a Living Wage commitment, including our business process outsourcing partner, Atos, and our new Digital Integration and Service Operations partner, IBM, providing real living wage protection to over 90% of the employees in our third-party supply chain.

### Responsible customer interaction

In line with NS&I becoming a digital-first business, we continue to take steps to protect our customers as they interact with us online. In July 2022, we implemented two-factor authentication, which adds an additional layer of security to our customers' transactions to protect their accounts and help prevent fraud.

We continue to reduce the amount of paper involved in our customer interactions. At March 2023, 90.63% of Premium Bond prizes were paid directly into customers' bank accounts or automatically reinvested. Five years ago (March 2018), the figure was 57.82% of prizes.

### Employee welfare and wellbeing

We have continued to focus on ways to promote physical and mental wellbeing. As set out earlier in this report, we have launched a Wellbeing Hub, which brings together wellbeing and financial support resources for all our colleagues. Our Wellbeing Group has expanded, with new volunteers joining across every directorate.

NS&I's hybrid working model, which aims to balance the collaborative benefits of working alongside colleagues in the office with the flexibility of home working, continues to work well and colleagues across the business have embraced the benefits of regularly reconnecting face-to-face.

### Community involvement

All our employees are able to give something back to the community, be it in a very structured manner such as a school governor or in a less formal route of using up to three days' Giving Something Back leave to support a local charity group.

Our commitment to financial contributions to good causes through payroll giving is strong and available to all employees. We promote this at least annually so that our staff can give to good causes.

Where data is available, the annual CSR report contains a breakdown of expenditure on the items of energy, travel, waste and water. This detail is too great to include in the summary in the Annual Report and Accounts CSR section. Where the data is not currently available, we are working on ways to source such information in the best possible manner, as it is often an "absorbed service charge" cost which is not easily identifiable.

Our 'staff charity' is voted for by our employees on a two-year cycle. We have been supporting the Vauxhall Food Bank for the past three years, and in 2022–23 we saw not only monetary donations and food donations given by our employees, but we also had a few colleagues use their Giving Something Back days to work alongside the Trussell Trust in collecting food donations in supermarkets.

### Sustainability reporting – omissions

NS&I seeks to report in accordance with the HM Treasury Sustainability Reporting Guidance: 2022–23 and the Greening Government Commitments as far as is reasonable and practicable to do so. NS&I also provides a detailed report on its environmental impacts with specific measures and targets which are being realigned with net zero by 2050. The wider Sustainable Development Goals (SDGs) are not all relevant to NS&I as we are not a policy making department and fulfil a specific remit of raising finance for government. However, we do contribute to drive towards achieving the goals and will explain this in our annual CSR report. 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: <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 and will be incorporated in a refresh of our CSR Strategy.
- Measurement of our paper consumption 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.

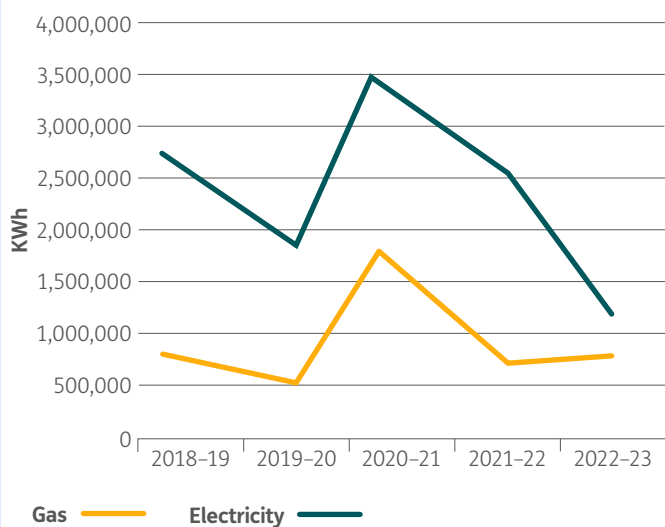
Where a robust estimate cannot be calculated, and a material omission of information or data results, NS&I will clearly state this and provide an explanatory note and a plan on how we will improve data collection, within the full annual CSR report, which is published on our website.

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)

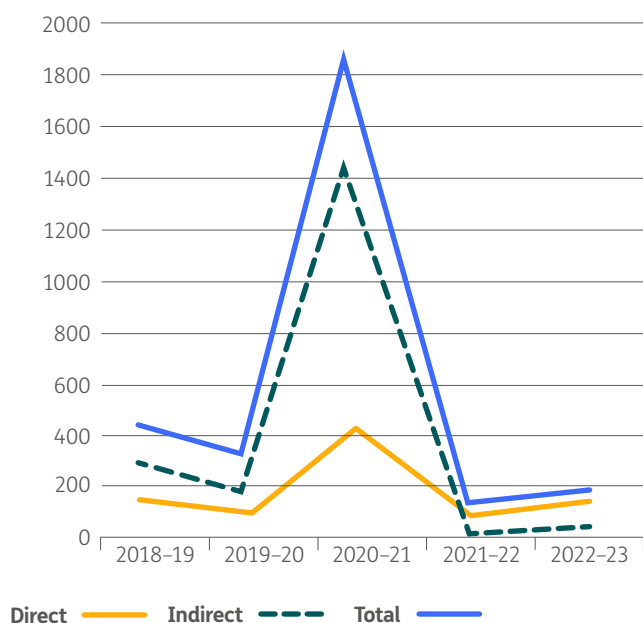


### Energy consumption

	2018-19	2019-20	2020-21	2021-22	2022-23
Gas	838,571	501,871	1,808,243	669,111	785,116
Electricity	2,724,460	1,881,257	3,496,997	2,563,613	1,186,816
<b>Total</b>	<b>3,563,031</b>	<b>2,383,128</b>	<b>5,305,240</b>	<b>3,232,724</b>	<b>1,971,933</b>

The Blackpool site closed down in June 2021 so no reporting of data from that date. The data for Gas consumption has estimates for Durham. The data for Electricity consumption has estimates for Lytham and Glasgow.

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



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

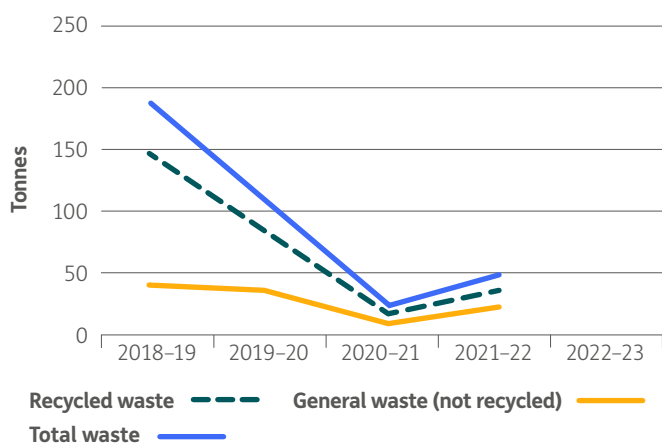
	2018-19	2019-20	2020-21	2021-22	2022-23
Direct	154.2	92.3	425	122.4	143.8
Indirect	269	173.6	1,459	25.2	38.0
<b>Total</b>	<b>423.2</b>	<b>265.9</b>	<b>1,884</b>	<b>147.6</b>	<b>181.8</b>

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. For business travel this is just NS&I staff. Waste data is not available at time of reporting and has been excluded from this report, it will be fully detailed in the annual CSR report.

Indirect - electricity, transport, waste



## Waste

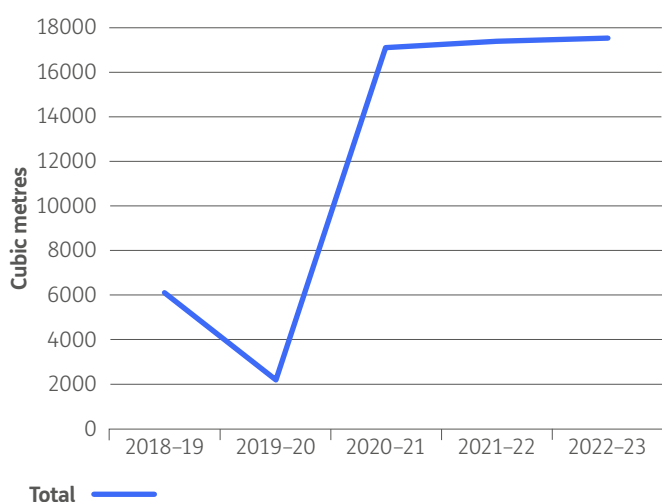


## Waste

	2018-19	2019-20	2020-21	2021-22	2022-23
Recycled waste	146	77	11	31	n/a
General waste (not recycled)	43	36	4	18	n/a
<b>Total</b>	<b>189</b>	<b>114</b>	<b>15</b>	<b>49</b>	n/a

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. The full annual CSR report will carry the correct detail.

## Water consumption



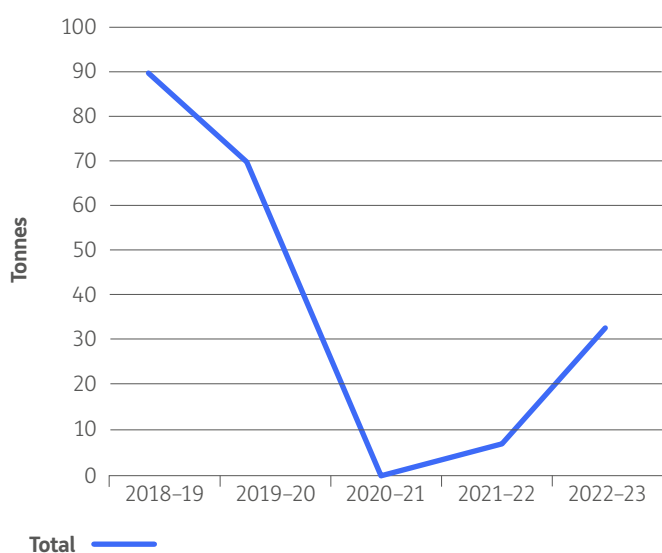
## Water consumption

	2018-19	2019-20	2020-21	2021-22 <sup>(1)</sup>	2022-23
<b>Total</b>	<b>6,089</b>	<b>2,213</b>	<b>17,128</b>	<b>17,408</b>	<b>17,555</b>

The Blackpool site closed down in June 2021 so no reporting of data from that date. At the Glasgow site, the building is multi-occupied and at present it is not possible to break down the apportionment of NS&I water consumption. Final year end meter readings are yet to come through from water firms, hence this is estimated data.

(1) NS&I's Annual Report 2021-22 reported total water consumption incorrectly. This was because Lytham was not included in the data set. This has been corrected in the Annual Report 2022-23.

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



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

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Total</b>	<b>89.98</b>	<b>69.76</b>	<b>0.34</b>	<b>6.9</b>	<b>32.44</b>

The Travel emissions relate to NS&I Head Office staff business, travel by rail and air. Post lockdown there has been a return to more normal levels of business particularly in the second half of the financial year.

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

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Location</b>					
Lytham	2	2	209	3	91
Durham	93	90	124	113	40
Glasgow	0	0	0	0	0
London	231	99	284	16	29
<b>Total</b>	<b>326</b>	<b>191</b>	<b>617</b>	<b>132</b>	<b>160</b>

### Waste (four sites) tonnes

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Location</b>					
Lytham	34	33	3	4	n/a
Durham	40	31	2	11	n/a
Glasgow	86	41	3	30	n/a
London	28	9	6	4	n/a
<b>Total</b>	<b>188</b>	<b>114</b>	<b>15</b>	<b>49</b>	<b>n/a</b>

At time of reporting this data is not available. It will be fully reported in the annual CSR report.

### Water consumption (four sites) cubic metres

	2018-19	2019-20	2020-21	2021-22 <sup>(1)</sup>	2022-23
<b>Location</b>					
Lytham	3,269	579	13,058	15,409	15,836
Durham	1,636	1,634	1,259	1,306	1,094
Glasgow	0	0	0	0	0
London	1,184	0	0	693	625
<b>Total</b>	<b>6,089</b>	<b>2,213</b>	<b>14,317</b>	<b>17,408</b>	<b>17,555</b>

Glasgow is not possible to report due to multi-tenancy occupation.

(1) NS&I's Annual Report 2021-22 reported total water consumption incorrectly. This was because Lytham was not included in the data set. This has been corrected in the Annual Report 2022-23.

### Percentage of waste recycled

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Location</b>					
Lytham	68	67	75	75	n/a
Durham	72	77	84	71	n/a
Glasgow	78	59	56	54	n/a
London	93	78	73	52	n/a
<b>Whole business total</b>	<b>77</b>	<b>68</b>	<b>72</b>	<b>63</b>	<b>n/a</b>

At time of reporting this data is not available. It will be fully reported in the annual CSR report.

Conversion factors for 2022-23 reporting year are taken from the following government document  
<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>

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



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
26 June 2023

# 02

## Accountability Report

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## Corporate governance report 2022–23

### Directors' report

National Savings and Investments (NS&I) is a non-ministerial government department and an Executive Agency of the Chancellor of the Exchequer.

NS&I's independent Non-executive Chair, Ed Anderson CBE, served throughout 2022–23. During 2022–23, his term was extended for a further 18 months to the end of June 2024.

Ian Ackerley served as NS&I Chief Executive, Accounting Officer and Director of Savings until 9 March 2023. Dax Harkins was appointed Acting NS&I Chief Executive on 10 March 2023 with the appointment confirmed as substantive on 12 April 2023. The Chief Executive and Accounting Officer of NS&I, in his capacity as the Director of Savings, contracts with third parties in respect of NS&I.

NS&I has an advisory board. During 2022–23 this comprised seven executive members including the Chief Executive (reducing to six executive members from 13 March 2023), four independent non-executive members, including the Chair, and one representative of HM Treasury. The Chief Executive and non-executive board members, including the Chair, are appointed by Treasury Ministers following an open recruitment process. The register of NS&I board members' interests is published on the NS&I website:

<https://nsandi-corporate.com/governance/who-we-are>

All executive and non-executive appointments to NS&I's board are made on merit; 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 independent non-executive NS&I board members during the year to 31 March 2023 were:

- Ed Anderson CBE, NS&I Chair, member of the Remuneration Committee, observer at the Audit and Risk Committee
- Nina Hingorani-Crain, member of the Audit and Risk Committee and, from 15 June 2022, of the Remuneration Committee

- Jill Lucas, Chair of the Remuneration Committee and member of the Audit and Risk Committee
- With effect from 3 January 2023: David Woodward, Chair of the Audit and Risk Committee and member of the Remuneration Committee
- Until 30 November 2022: Sharmila Nebhrajani OBE, Chair of the Audit and Risk Committee, and, from 15 June 2022, member of the Remuneration Committee

The HM Treasury representative members of the NS&I board during the year to 31 March 2023 were:

- With effect from 19 April 2022: Kunal Patel, member of the Audit and Risk Committee and, from 15 June 2022, of the Remuneration Committee
- Until 19 April 2022: Azin Roussos, member of the Audit and Risk Committee

The executive NS&I board members during the year to 31 March 2023 were:

- Until 9 March 2023: Ian Ackerley, Chief Executive, Accounting Officer and Director of Savings and member of the Remuneration Committee
- Dax Harkins, Acting Chief Executive, Accounting Officer and Director of Savings and member of the Remuneration Committee from 10 March 2023. Until 9 March 2023 Business-to-Business and Operations Director
- Ruth Curry, People and Finance Director and member of the Remuneration Committee from 27 June 2022; Finance Director until 27 June 2022
- Gareth Headon, Communications and Strategy Director; Acting People and Strategy Director and member of the Remuneration Committee until 27 June 2022; Acting Communications and Strategy Director from 27 June 2022 until 6 December 2022
- Paul Henry, Risk Director
- Matthew Smith, Chief Operating Officer
- Jill Waters, Retail Director

## Board members during 2022–23

### Non-executive Directors



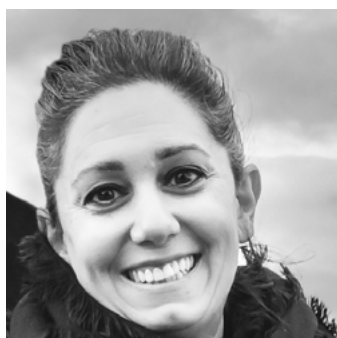
**Ed Anderson CBE**  
**NS&I Chair and independent non-executive NS&I board member**

Ed was appointed to the board 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 a director or patron of a number of other public and voluntary sector organisations in Yorkshire. He is also a former member of the Council of the University of Leeds and a former President, and Chairman, of Leeds Chamber of Commerce.

Ed is an economics graduate and a qualified accountant and was awarded a CBE for services to the Financial Sector and Public Life in Yorkshire.



**Nina Hingorani-Crain**  
**Independent non-executive NS&I board member**

Nina was appointed to the board 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.

After leading the establishment of the Financial Conduct Authority, since 2015 Nina has focused on a non-executive career. She is a board member of a London mental and community health NHS Foundation Trust and has previously been a board member of the Charity Commission for England & Wales and of the National Residential Landlords' Association.



**Jill Lucas**  
**Independent non-executive NS&I board member, Chair of the Remuneration Committee**

Jill was appointed to the board in February 2019 and reappointed on 1 February 2022 for a further three-year term.

Jill has spent all her career in technology, currently as a consultant at US healthcare giant Mass General Brigham and prior to that at Unilever. She has served as Chief Information Officer at both Towergate Insurance and Belron International.

During 2022–23 Jill was also a non-executive director of Curtis Banks plc and Chairman of Dunstan Thomas Ltd.



**David Woodward**

**Independent non-executive NS&I board member, Chair of the Audit and Risk Committee**

David was appointed to the board for a three-year term from January 2023.

David has over 10 years of financial services experience as a non-executive director as well as NHS board experience. He is a trustee of the charity the Consumers’ Association and an independent committee member of the Finance and Estates Committee for Trent College. Until March 2023 he was also a non-executive director on the board of the Hinckley & Rugby Building Society.



**Sharmila Nebhrajani OBE**

**Former independent non-executive NS&I board member, former Chair of the Audit and Risk Committee**

Sharmila was a member of NS&I’s board and Chair of its Audit and Risk Committee until 30 November 2022.

Sharmila is Chair of the National Institute for Health and Care Excellence (NICE) and a member of the Council of the University of Oxford and holds a number of company directorships, including at Halma plc, Severn Trent plc, ITV plc and Coutts Bank. She is a Chartered Accountant and former Chief Executive of Wilton Park, an Executive Agency of the UK Foreign, Commonwealth and Development Office.

She had a 14-year career at the BBC, including nine years as Chief Operating Officer at BBC Future Media & Technology, the division that built the iPlayer.

## Executive board members



**Dax Harkins**  
Chief Executive

Dax was appointed NS&I Chief Executive on 12 April 2023, having been Acting Chief Executive from 10 March 2023.

Prior to this, Dax was responsible for the development and delivery of NS&I's business-to-business strategy, as well as overseeing and assuring NS&I's operational performance. Dax has worked in financial services for almost 30 years. Starting his career in sales, Dax progressed into marketing roles, with a focus on product development, customer management and customer experience.

He joined NS&I in 2003 and, in 2011, became Programme Director for the retender of the NS&I outsourcing contract. Dax was appointed to the board in January 2014 as Business-to-Business Director and became an Institute of Directors-accredited Chartered Director in 2018.



**Ian Ackerley**  
Former Chief Executive

Ian Ackerley was NS&I Chief Executive from 13 March 2017 to 9 March 2023.

Immediately before joining NS&I, Ian worked 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 is a psychology graduate and holds an MBA. He began his career with Royal Dutch Shell.



**Ruth Curry**  
People and Finance Director

Ruth joined NS&I's board in July 2019. Previously she had been Acting Director of Finance and Business Services Director at HM Land Registry. She started her Civil Service career in Cabinet Office policy roles. After qualifying as an accountant in 2006, Ruth held senior finance roles in a number of departments, including the Department for Education, the Serious Fraud Office and the Department for Business, Energy and Industrial Strategy. Prior to joining the Civil Service, Ruth was a solicitor working on company and commercial issues in the City of London.



**Gareth Headon**  
**Communications and Strategy Director**

Gareth Headon joined NS&I's board in February 2021 as Acting People and Strategy Director. In December 2022 he was appointed Communications and Strategy Director. Before joining NS&I in 2008, Gareth spent six years with Eurostar, where he worked across corporate and consumer PR and government relations. He 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.



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

Matthew joined NS&I's board in August 2018. His roles prior to joining NS&I included Director of EMEA Supply Chain for DXC Technology and Global Vice-President and Chief Procurement Officer for Dun & Bradstreet Corporation. He is a certified practitioner of Managing Successful Programmes and a previous recipient of the annual Institute of Consulting award for best internal consulting project.



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

Paul was appointed Risk Director on 7 July 2018. He 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 also led compliance teams at Barclays Bank and the Royal Bank of Scotland.



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

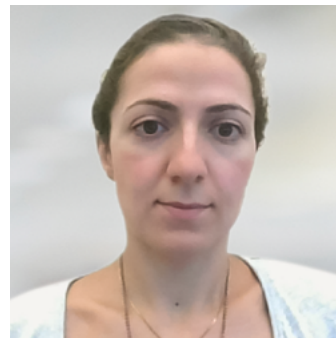
Jill Waters joined the NS&I board as Acting Retail Director in October 2015, before being appointed as Retail Director in March 2018. She joined NS&I in 2001 from Yorkshire Electricity, where she was responsible for the customer and sales strategy for the newly developed privatised consumer utility markets. 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.





**Kunal Patel**  
HM Treasury representative

As one of two Deputy Directors for the Debt and Reserves Management team in HM Treasury, Kunal Patel joined the NS&I board on 19 April 2022. In his Treasury role he has lead responsibility for advising on debt financing through the government-backed savings organisation, NS&I. His team is 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).



**Azin Roussos**  
HM Treasury representative

Azin Roussos was a member of NS&I's board from 1 December 2020 to 19 April 2022, during which time she was one of two Deputy Directors for the Debt and Reserves Management team in HM Treasury.

## Corporate governance report

### Governance Statement

This governance statement explains NS&I's governance, risk management and internal control arrangements, including its governance structures, during the period 1 April 2022 to 31 March 2023.

#### Mission and values

NS&I's mission is to:

- provide cost-effective financing for government and the public good
- offer trusted savings and investments propositions
- deliver valued services for government
- support a fair and competitive market and balance the interests of its savers, taxpayers and the market.

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

#### Governance framework

NS&I's governance framework is prescribed by the Framework Document with HM Treasury which was updated during 2022–23 and is available on the NS&I website. It sets out requirements for how NS&I is directed and managed and includes provisions regarding:

- the role, powers and rights of HM Treasury and its Ministers
- the role of the Accounting Officer (who is the Chief Executive of NS&I)
- the role of the NS&I board and its Chair
- how strategy is determined
- corporate planning, budgets, setting targets and monitoring
- requirements for risk management and its oversight.

The Framework Document will be reviewed at least every three years.

NS&I maintains a Corporate Governance Manual, reviewed every two years and approved by the NS&I board, which provides further detail on governance policies and terms of reference for the board and committees.

The Delegated Authorities Manual sets out how decision-making is carried out across NS&I. It is reviewed and updated annually.

#### Role of HM Treasury and its Ministers

The Chancellor of the Exchequer is responsible for determining the policy and financial framework within which NS&I operates. Day-to-day responsibility for NS&I may be delegated to another Minister, currently the Economic Secretary to the Treasury.

HM Treasury provides high-level oversight of NS&I. Some decisions are reserved for Ministerial approval, such as the approval of the corporate plan and Service Delivery

Measures (SDMs), as well as changes to the pricing of NS&I products (where that authority has not been delegated to NS&I). The thresholds above which NS&I must make disclosures to, or seek approval from, HM Treasury are set out in an annual delegated authority letter. The Debt and Reserves Management (DRM) team within HM Treasury acts as NS&I's sponsor team, providing advice, monitoring performance and advising HM Treasury Ministers.

#### The Chief Executive, Accounting Officer and Director of Savings

NS&I's Chief Executive also holds the roles of NS&I Accounting Officer and Director of Savings.

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

The Chief Executive's responsibilities include:

- the day-to-day operations and management of NS&I
- establishing, in agreement with the Treasury, NS&I's corporate and business plans in light of the HM Treasury's wider strategic aims and agreed priorities
- safeguarding the public funds for which they have charge and ensuring propriety, regularity, value for money and feasibility in the handling of those public funds
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Treasury; that the Treasury is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Treasury in a timely fashion
- advising the NS&I board on the discharge of its responsibilities and on NS&I's performance compared with its aims and objectives
- ensuring that effective procedures are in place for handling complaints about NS&I.

The Statement of Accounting Officer's responsibilities is on page 54.

#### Role of the NS&I board

NS&I has an advisory board, with no statutory functions. It works with the Chief Executive to develop corporate policy, ensure good governance and monitor performance.

The board does not decide policy nor exercise the powers reserved to Ministers or to the Director of Savings. The board 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 the executive on how well NS&I is achieving its objectives. The Chief Executive is expected to follow the advice of the board, except where doing so would conflict with his obligations as the Accounting Officer.

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.

Specific responsibilities are delegated to the board's committees (the Audit and Risk Committee and the Remuneration Committee, which, until 15 June 2022, was known as the Appointments and Remuneration Committee), which operate within clearly defined terms of reference which were reviewed and updated during 2022–23 and are published on the NS&I website.

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

The performance of each of the executive and non-executive board members is appraised annually.

### Conflicts of interest

NS&I has policies and procedures in place to ensure that its board members make decisions independent of their personal interests. Board members are required to notify the board of any relevant positions held or other interests as they occur. These are recorded in the register of board members' interests, which is published on our website: <https://nsandi-corporate.com/governance/who-we-are>

Board members 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 member concerned may be asked to withdraw from the board's discussions and/or decision-making as appropriate.

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

### The independent non-executive board members

The independent non-executive board members meet in advance of each board meeting. The Chief Executive

joins part of those meetings but other executive board members do not attend.

The board has decided not to follow the Financial Reporting Council's Corporate Governance Code in relation to the appointment of a lead non-executive board member other than the Chair, who assumes the lead non-executive role as described in the Corporate Governance Manual. The Chair meets the non-executive board members 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 board members, 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.

The board and its committees may take independent professional advice, if necessary, at NS&I's expense.

### The work of the NS&I board during 2022–23

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
- providing challenge, scrutiny and advice in respect of strategic matters, including looking ahead to the strategic needs of the organisation in the future
- monitoring the progress of NS&I's transformation project, which is part of the Government Major Projects Portfolio
- receiving reports on the effectiveness of outsourcing arrangements
- reviewing and endorsing the annual corporate plan and Service Delivery Measures
- receiving regular reports from its Audit and Risk Committee and Remuneration Committee
- endorsing the 2021–22 Annual Report and Accounts on the recommendation of the Audit and Risk Committee
- informal interaction with NS&I employees and areas through learning sessions with staff members.

## Attendance

The attendance of members of the board and its committees at meetings during 2022–23 is shown in the table below. This does not include details of those who attended committee meetings but were not members.

Name	Board (six meetings)		Audit and Risk Committee (five meetings)		Appointments and Remuneration Committee (five meetings) <sup>(1)</sup>	
	Possible	Actual	Possible	Actual	Possible	Actual
<b>Members of the board and its committees as at 31 March 2023</b>						
Ed Anderson CBE	6	6	n/a	n/a	5	5
Jill Lucas	6	5	5	4	5	5
Nina Hingorani-Crain	6	6	5	5	3	3
David Woodward (from 3 January 2023)	1	1	1	1	0	0
Kunal Patel (from 19 April 2022)	5	3	5	3	3	2
Dax Harkins	6	6	n/a	n/a	n/a	n/a
Ruth Curry	6	6	n/a	n/a	3	3
Gareth Headon	6	6	n/a	n/a	2	1
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
<b>Members who stepped down from the board and its committees during 2022–23</b>						
Ian Ackerley (until 9 March 2023)	6	6	n/a	n/a	5	5
Sharmila Nebhrajani OBE (until 30 November 2022)	4	4	4	4	2	1
Azin Roussos (until 19 April 2022)	1	1	0	0	n/a	n/a

(1) During the year, the name of the Appointments and Remuneration Committee was changed to the Remuneration Committee.

### Board induction

On joining the board, new members 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 NS&I and HM Treasury management on a structured basis to assist with induction.

All non-executive board members complete compliance-related online learning modules at the beginning of their three-year term and once again if reappointed for a second term.

The Remuneration Committee (known as the Appointments and Remuneration Committee until 15 June 2022) considers the training needs of the board members and assistant directors. 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, its committees and officers. NS&I ensures that comments and recommendations are considered carefully and implemented, where appropriate, to enable its continued development. Its effectiveness is reviewed annually with external input at least once every three years.

An external review of the board's effectiveness, and that of its committees, was carried out by the Government Internal Audit Agency (GIAA), supported by its partner EY, during 2022–23. This reported to the board at the April 2023 meeting. The reviewers concluded that the board was operating effectively and in line with applicable governance codes. However, the review also identified areas that could be enhanced to improve the overall effectiveness of the NS&I board. These will be considered and addressed in 2023–24.

### Quality of data used by the board

The board considers the quality of the management information it receives, including the underlying data, on an ongoing basis and actions are taken to improve this where necessary.

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

### Board committees

The board has delegated responsibilities to its two committees (Audit and Risk Committee and Remuneration Committee) to deal with specific matters

in accordance with the committees' written terms of reference. The board and committees' terms of reference were reviewed during 2022–23 and are available on NS&I's website.

The Executive Committee is chaired by the Chief Executive and formed of the executive board members. The board reviewed and approved updated terms of reference for the Executive Committee during the year.

The board considers that it receives adequate assurance from the Audit and Risk Committee (via oral reports, copies of minutes and an annual written report) and the Remuneration Committee (via oral updates). It also receives a Chief Executive's overview and reports from each directorate of NS&I at each meeting.

### Audit and Risk Committee

The Audit and Risk Committee comprises the non-executive board members, excluding the Chair of the board who attends meetings as an observer, and the HM Treasury representative on the board. The committee was chaired by Sharmila Nebhrajani OBE during 2022–23 until she stepped down from the NS&I board on 30 November 2022.

David Woodward became Chair of the Audit and Risk Committee on his appointment to the NS&I board on 3 January 2023. The Chief Executive, People and Finance Director, Risk Director and Chief Operating Officer as well as representatives of the internal and external auditors routinely attend but are not members of the committee.

The main responsibilities of the committee are to:

- monitor the financial reporting process and submit recommendations or proposals to ensure its integrity
- monitor the effectiveness of the NS&I's internal quality control and risk management systems and its internal audit, regarding NS&I's financial reporting, without breaching its independence
- review and monitor the independence of the statutory auditor and in particular the appropriateness of any provision of non-audit services to the NS&I
- advise the Board and Accounting Officer on NS&I's accounting policies, accounts, and annual report; the planned activity and results of both internal and external audit and the adequacy of management's response to issues identified by audit activity; NS&I's strategic processes for risk, control and governance; and on its whistle-blowing (speaking up) processes.

The Audit and Risk Committee met five times during the year. It received regular updates on internal and external audit plans and findings, on risks and their management and on the production of the accounts and response to audit actions. Other matters reported to the committee during the year included cyber security, whistleblowing (speaking up), compliance, financial crime, legacy data cleansing, business continuity and NS&I's response to the Financial Conduct Authority's new Consumer Duty.

## Remuneration Committee

The Remuneration Committee (known as the Appointments and Remuneration Committee until 15 June 2022), chaired by Jill Lucas, comprises both executive and non-executive members due to the nature of NS&I and the role of the Accounting Officer.

Until 15 June 2022, the committee members were Jill Lucas (Chair), Ed Anderson, Ian Ackerley (the Chief Executive) and Gareth Headon (the Acting People and Strategy Director). At the board meeting on 15 June 2022, the board agreed to expand the membership of the committee to include all non-executive board members and the HM Treasury representative on the board. Ruth Curry took over from Gareth Headon as a member of the committee on becoming the People and Finance Director on 27 June 2022.

The 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; and individual performance and competency objectives, which are assessed by the Chief Executive using appropriate measures of outcomes. The executive members of the committee are recused from the parts of the committee's meetings that discuss and make decisions in respect of their pay and performance. The committee also reviews succession-planning arrangements for board members and other senior staff within NS&I.

The Chair of the Remuneration Committee (or another non-executive member of the committee in the absence of the Chair) provides a verbal report following each meeting to the board, taking account of the confidential nature of the committee's business.

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 board members' remuneration and emoluments are set out in the remuneration and staff report on pages 56 to 58.

## Executive Committee

The Executive Committee consists of all the executive board members and is chaired by the Chief Executive. The Executive Committee met formally 11 times in 2022–23. It also held separate sessions to discuss issues relating to transformation, strategy, people and planning.

## Corporate strategy

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.

2022–23 was the final year of our initial five-year Inspire & Invest strategy. The strategy has been extended by a further two years to provide a transition to our next strategy, which will take effect from April 2025.

## Strategic aims

During 2022–23, NS&I had six strategic aims. They were:

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

## Governance codes

NS&I is committed to achieving the highest standards of corporate governance, integrity and business ethics. Throughout 2022–23, NS&I complied with the principles in Corporate Governance in Central Government Departments: Code of Good Practice (2017) where applicable.

NS&I also looks to adopt and adhere to principles of the 2018 Financial Reporting Council (FRC) Corporate Governance Code. Because of the constitutional nature of NS&I (a non-ministerial government department and an Executive Agency of the Chancellor of the Exchequer, rather than an incorporated company), 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.

## 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 its 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 partners
- six-monthly conduct reports to the board.

## Ministerial Directions

There were no Ministerial Directions during 2022–23.

### Major project

NS&I is undertaking a transformation programme, the only HM Treasury major project in the UK Government Major Projects Portfolio (GMPP). Matthew Smith, Chief Operating Officer, is the Senior Responsible Owner for the transformation programme.

### 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. NS&I's board reviews NS&I's equality and diversity statement annually. Performance against related performance measures is reported at each board meeting.

### Government Functional Standards

The application of Government Functional Standards was mandated for all government departments and arm's-length bodies from 2021-22. As required by Government Functional Standard GovS 001: Government Functions, the Accounting Officer has appointed four Executive Directors as the senior officers accountable for managing each the government functions applicable to NS&I. Those directors have reported on NS&I's compliance with the standards in their 2022-23 assurance statements to the Accounting Officer.

### Quality assurance

In accordance with guidance contained in *The Aqua Book: guidance on producing quality analysis for government*, NS&I operates a business critical model to calculate its Net Financing metrics. Robust quality assurance processes are in place around these models.

### Data

NS&I has made no formal reports to the Information Commissioner's Office (ICO) during the 2022-23 performance year in respect of personal data breaches or incidents.

### Auditors

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).

NS&I's internal audit service provides an independent appraisal service for the Audit and Risk Committee and the Accounting Officer 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.

Internal audits have been undertaken in accordance with Public Sector Internal Audit Standards (PSIAS) and the standards of the Chartered Institute of Internal Auditors.

The GIAA's annual opinion for the year ended 31 March 2023 noted the following:

- The assurance opinion for 2022-23 was assessed as Limited assurance (the prior three years were Moderate).
- The opinion is not based on an observed regression of internal control but is the consequence of the continued pressure on NS&I of balancing the delivery of business as usual, in addition to a major programme. GIAA noted some high-level signs of stabilisation in respect to the underlying risk pressure towards the end of 2022 and in early 2023.
- Whilst NS&I has maintained the good governance foundations and culture it needs to move forward, it does need to address a number of underlying weaknesses:
  - Management should consider a more holistic view of resourcing, supported by clearer roles and responsibilities and prioritisation, to ensure efforts are sustainable in order to maintain the effectiveness of the wider framework of internal control.
  - Risks to business as usual activity and the transformation programme are effectively identified, rated and reported. However having sufficient capacity to address emerging risks is challenging.
  - Management should ensure there is a clear understanding of how the transition to a new operating model will be supported, including during the intermediate phase.

NS&I management is reinforcing plans to address the issues GIAA have identified. 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'.

NS&I's Resource Accounts and Product Accounts are externally audited by the Comptroller and Auditor General in accordance with section 7 of the Government Resources and Accounts Act 2000. The auditor provides the Audit and Risk Committee and Accounting Officer with an audit completion report and management letter including the auditor's observations and recommendations on internal control.

The notional external audit fees include fees for the audit of the Product Accounts of £430,000 (2021-22: £380,000) and of the Resource Accounts of £90,000 (2021-22: £70,000).

### Risk management 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.

NS&I operates a comprehensive Risk Management Framework which integrates risk management in NS&I's strategic planning and daily business activities. 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.

The Executive Committee, via its Risk Management sub-committee which includes all members of the Executive Committee, has responsibility for the management of NS&I's Risk Management Framework. Updates on the operation of the Risk Management Framework are provided to each meeting of the Risk Management Committee. The Risk Management Committee in turn 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. The Risk Management Committee receives quarterly reports on risks and controls.

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.

We have worked alongside our outsourced partner to identify emerging risks to our business. This has included horizon scanning to identify legislative and regulatory changes that apply to NS&I and those in the wider environment in which we operate, such as the introduction

of the FCA's Consumer Duty, as well as potential operational impacts such as inflation and changes in the employment and resourcing market. We keep our risks under review with monthly updates to key risk indicators reflected in our risk logs and quarterly risk reporting.

### Managing and mitigating risk

Some of our key management controls are set out below:

- NS&I's 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 regular, 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.
- A key corporate priority is the management of cyber and information risk 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, such as through internal audit work, 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.
- Root cause analysis and lessons learned reviews are undertaken following significant incidents to ensure we improve our control environment to prevent incidents from recurring.



### Risk appetite

NS&I's board reviews and approves annual risk appetite statements and strategic risks at the first board meeting of each financial year, following review of the draft statements and risks by the Audit and Risk Committee. The Audit and Risk Committee also receives quarterly updates on performance in relation to risk appetite and management of strategic and operational risks.

NS&I uses the following definitions of risk appetite levels:

- **Averse:** Avoidance of risk and uncertainty is a key organisational objective.
- **Minimalist:** Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.

- **Cautious:** Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
- **Open:** Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).
- **Hungry:** Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.

The risk appetite statements applied during 2022–23 are shown in the table below.

Area	Appetite	Statement
<b>Customer impact</b>	Cautious	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, engagement activities, changes or process failures.
<b>Strategic impact</b>	Open	NS&I is open to strategic risk relating to: <ul style="list-style-type: none"> <li>(i) delivering our overarching Inspire &amp; Invest strategy</li> <li>(ii) agreeing and delivering our annual corporate plan (including delivery priorities and SDMs) and</li> <li>(iii) delivering our 'Supporting Government Policy' strategic purpose.</li> </ul>
<b>Reputation and brand</b>	Cautious	NS&I's reputation for 100% security and good customer service is a unique selling point and we are cautious when we act to protect our reputation with our customers, stakeholders and B2B partners carefully.
<b>People</b>	Cautious	NS&I is cautious when considering the impact on employee engagement levels and staff retention caused by any business/policy changes relating to pay, reward and terms of employment.
<b>Business interruption</b>	Cautious	NS&I is cautious when it comes to the risk of business interruption and will apply stringent controls to manage its exposure.
<b>Financial management</b>	Cautious	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.
<b>Regulatory and legislative compliance</b>	Averse	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 within agreed timescales.

### Principal risks and uncertainties

The table below shows the principal risks and uncertainties that could cause NS&I's financial results or operational delivery to materially differ from expected

results and how we managed or mitigated those risks during 2022–23.

Risk	Description	Mitigations
<b>1. Cyber risk</b>	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.	<p>Cyber risk is managed through the presence of robust cyber security controls to protect against internal and external security threats, including, for example, having appropriate systems and processes in place to protect against unauthorised access to data and comprehensive staff training to ensure that data is handled appropriately.</p> <p>Atos owns and operates our key cyber security controls and provides regular reports to NS&amp;I on the performance of these controls and the wider risk environment. NS&amp;I exercises oversight of Atos through governance meetings attended by both NS&amp;I and Atos cyber security colleagues, where risks are discussed and actions to remediate known vulnerabilities are tracked to completion.</p> <p>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.</p>
<b>2. Service disruption risk</b>	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.	<p>Atos provides the operational resource and IT infrastructure required to serve our customers; NS&amp;I oversees Atos's activities through established governance forums. We work together to forecast customer contact levels so that sufficient resources are in place to meet demand and target performance levels. NS&amp;I performs checks on service quality and reviews Atos's performance reports to ensure standards are in line with our contract.</p> <p>To ensure that the IT infrastructure remains resilient, Atos performs routine management activities including implementing software updates and technical patches. They also conduct disaster recovery tests to give confidence that services can be recovered quickly in the event of disruption.</p>
<b>3. Customer and product risk</b>	Customer and product risk is the failure to keep NS&I products relevant in the financial services market place while balancing our obligations to the taxpayer and not impacting on the financial services market.	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 reviews and challenges the outputs of this analysis and approves changes within the guidelines agreed with HM Treasury.
<b>4. Financial management risk</b>	Financial management risk is the failure to manage our finances adequately and remain within our spending limits set by Parliament; it also includes being able to secure long-term sustainable funding to deliver our future operating model.	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 are monitored across the business by the finance team, which meets with budget holders to review and challenge actual and planned expenditure to ensure that we remain within our limits.
<b>5. Business-to-business (B2B) risk</b>	B2B risk is the failure to generate income from delivering services to B2B clients, impacting on NS&I's budget.	NS&I monitors 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.
<b>6. Legislative compliance risk</b>	Legislative compliance risk is a failure to comply with the laws and regulations which apply to our business.	<p>NS&amp;I oversees Atos to make sure that Atos operates 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.</p> <p>Where areas of non-compliance are identified, we work with Atos to develop solutions to bring us back in line with our obligations.</p>

Risk	Description	Mitigations
<b>7. Outsourced service risk</b>	Outsourced service risk relates to the ongoing viability of outsourced services as the current contract approaches its expiry date.	NS&I continues to work closely with Atos to manage risks to service delivery as we near the end of the contract, while ensuring that ethical walls remain in place to make certain that procurement legislation is followed and robust competition for each contract can take place.
<b>8. Future Operating Model risk</b>	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.	<p>We have recruited expertise to our business to help us design and implement our new model, and ensure we procure partners that can deliver for us and our customers. Our subject matter experts are central in defining our service specifications and, where beneficial, we have used competitive dialogue with bidders to shape the requirements to deliver the right outcome.</p> <p>Our procurement programme team engages with the wider business to identify the skills and cultural changes required to successfully transition to and operate our new model.</p>
<b>9. NS&amp;I capability and resource risk</b>	NS&I capacity and resource risk is the risk that NS&I has insufficient staff resource to maintain business-as-usual service standards while we design and procure our new operating model.	The resource to design and procure our new operating model has been sourced both internally and externally; to minimise impact on business-as-usual delivery we have back-filled posts and provided secondment opportunities for colleagues.
<b>10. Delivery of change risk</b>	Delivery of change risk is the risk that NS&I is unable to implement some of the changes required to optimise our Future Operating Model, including addressing legacy products and processes.	<p>We have robust procedures to ensure that change is identified and prioritised for delivery within the parameters of our annual change budget. Changes to our products and processes are primarily delivered with Atos and NS&amp;I oversees the design and delivery of change via governance forums.</p> <p>When we make changes to our products and services, we consider implications for our customers, in particular our vulnerable customers, to ensure that we continue to meet their requirements.</p>
<b>11. Staff satisfaction risk</b>	Staff satisfaction risk is the risk that local or pan-Civil Service policies result in NS&I employees being dissatisfied or disengaged, leading to spikes in departures.	<p>NS&amp;I conducts six-monthly staff satisfaction surveys to understand whether there are areas that are creating dissatisfaction for staff. The results of these surveys are analysed and discussed with the business, with action plans developed to target known issues.</p> <p>NS&amp;I is a flexible employer that promotes a healthy work-life balance; throughout the year we have worked to develop our employee value proposition to ensure we remain attractive to staff and competitive within the recruitment market.</p>

### Significant incidents

Each Executive Committee member provides an annual assurance statement to the Accounting Officer 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 for 2022–23 are set out below.

Area	Finding
<b>Compliance with the Payment Services Regulations (PSRs)</b>	<p>NS&amp;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 Memorandum of Understanding with HM Treasury.</p> <p>NS&amp;I does not fully comply with the relevant aspects of Strong Customer Authentication (SCA), as outlined in PSR Regulatory Technical Standards (RTS). A two-factor authentication solution for customers accessing their accounts online was implemented in July 2022, and via the mobile app in October 2022. These solutions have improved our compliance position, but we do not have full compliance across all customer journeys and this is likely to remain the position until March 2025.</p>
<b>Customer service standards and complaints</b>	<p>Our outsourced provider Atos has experienced challenges in recruiting and retaining operational staff and this has affected service levels to our customers. Service level targets such as calls being answered within 30 seconds and complaints being handled and closed within four days were missed throughout most of the year. Atos used specialist recruitment agencies to help secure additional resource, but attrition remained a problem for much of the year.</p> <p>In July 2022, the implementation of two-factor authentication resulted in some customers finding it difficult to access their accounts, which led to a further increase in customer contact and complaints. Work has been ongoing to address the issues that are creating difficulty for our customers, including with trusted browser limits and unsupported browsers. Changes will continue to be made in 2023–24.</p>
<b>Incorrect interest rates applied to customers</b>	<p>An interest rate change that was due to be made on 1 December 2022 was implemented on 26 October 2022 in error. The interest rate was corrected on 3 November 2022, but the error resulted in a cohort of Guaranteed Income Bonds and Guaranteed Growth Bonds customers having access to a higher interest rate than they were entitled to.</p> <p>Following discussion with HM Treasury, we decided that we should honour the higher rate of interest. Overall, 3,265 customers will receive circa £2 million in additional interest over the multi-year period of the products. Following this incident we have worked with Atos to review our processes for delivering and testing changes to prevent similar issues occurring in future.</p>
<b>Consultancy expenditure</b>	<p>NS&amp;I breached Cabinet Office spending controls on a consultancy contract being used to support the transformation programme. The expenditure on this contract remained within the budget for the transformation programme but breached the spending limit. The recruitment and retention challenges faced by NS&amp;I, and the criticality of the transformation programme, led to an increase in consultancy support to ensure key milestones were met. This resulted in the contract exceeding the Cabinet Office control threshold. The Cabinet Office was notified of this breach but retrospective approval was refused. The Comptroller and Auditor General (C&amp;AG) qualified his regularity opinion as a result. This is described further in the report by the C&amp;AG on page 77. NS&amp;I advised the Principal Accounting Officer, HM Treasury and National Audit Office of the issue. NS&amp;I recognises the seriousness of this breach and has increased internal control surrounding consultancy and professional services expenditure through reporting consultancy expenditure by contract on a monthly basis to the Executive Committee; the actions are being overseen by the Audit and Risk Committee.</p>
<b>Tax-Free Childcare payment issue</b>	<p>In February 2023 our banking partner sent, in error, duplicate payments to NS&amp;I for Tax-Free Childcare accounts. These resulted in the overstatement of the balance on 8,210 customers' accounts by approximately £15 million. NS&amp;I has worked closely with Atos, HMRC and our banking partner to resolve the issue. All impacted accounts have been remediated. Additional controls have been deployed to enable us to detect duplicate files in future.</p>

**Sources of assurance**

NS&I’s systems of governance, management and risk control have been assessed by the Government Internal Audit Agency (GIAA) in its capacity as NS&I’s internal auditor. GIAA reports to each meeting of the Audit and Risk Committee. This forms part of the annual audit programme which enables the Audit and Risk Committee, and the Accounting Officer, 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, and the Accounting Officer as an attendee at the committee’s meetings, receives an independent evaluation of the governance, risk management and internal control through:

- the integrated assurance report, which considers the results of 2022–23 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 2022–23 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 2023
- 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 auditor’s annual audit with recommendations for improvements to the internal control environment identified during the annual audit.



**Dax Harkins**  
**Chief Executive and Accounting Officer**  
**National Savings and Investments**  
 26 June 2023

## Corporate governance report

### Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed NS&I to prepare, for each financial year:

- Resource Accounts detailing the resources acquired, held or disposed of during the year and the use of resources by NS&I during the year. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of the affairs of NS&I and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.
- Product Accounts covering all NS&I's products for each financial year. The Product 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 Resource Accounts and Product 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

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury's Principal Accounting Officer has appointed NS&I's Chief Executive as its Accounting Officer. 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.

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



**Dax Harkins**

**Chief Executive  
National Savings and Investments**

26 June 2023

## Remuneration and staff report (2022–23)

### Remuneration Committee

The Remuneration Committee comprised Non-executive Directors Jill Lucas (as Chair), Ed Anderson, Sharmila Nebhrajani OBE (member from 15 June 2022 until 30 November 2022), Nina Hingorani-Crain (member from 15 June 2022) and David Woodward (member from 3 January 2023). It also comprised Executive Directors: the Chief Executive, Ian Ackerley (until 9 March 2023), Gareth Headon, Acting People and Strategy Director (until 27 June 2022), Ruth Curry, People and Finance Director (from 27 June 2022) and Dax Harkins, Acting Chief Executive (from 10 March 2023).

### 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, for whom it 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 Remuneration Committee, based on performance against targets of both NS&I and the individual Director. The People and Finance Director is recused from all discussions and decisions made by the 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 58.

### Salary and pension entitlements

The salary and pension entitlements of the executive board members are shown in Tables A and C on pages 56–57 and page 58 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 2022–23 relate to performance in 2021–22 and the comparative payments reported for 2021–22 relate to performance in 2020–21.

### 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 and Non-Executive Directors.

The total remuneration of the highest-paid Director in NS&I in the financial year 2022–23 was £230,000–£235,000.

No employee received remuneration in excess of the highest-paid Director (including the Chief Executive) in 2022–23. Remuneration bands ranged from £15,000–£20,000 to £230,000–£235,000 in 2022–23. In 2021–22, remuneration bands ranged from £20,000–£25,000 to £215,000–£220,000 (annualised equivalent).

The ratio of the highest-paid Director (2022–23) was 4.6 times (2021–22: 4.6 times) the median remuneration of the workforce, which was £50,058 (2021–22: £47,307).

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

	2022-23	2022-23	2022-23	2022-23	2022-23	2021-22	2021-22	2021-22	2021-22	2021-22
	Salary <sup>(1)</sup>	Performance-related pay <sup>(2)</sup>	Benefits in kind <sup>(5)</sup>	Pension benefits <sup>(3)</sup>	Total	Salary	Performance-related pay <sup>(2)</sup>	Benefits in kind <sup>(5)</sup>	Pension benefits <sup>(3)</sup>	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Ian Ackerley<sup>(6)</sup></b> Chief Executive	190-195 (200-205 annualised equivalent)	25-30	0.4	72	290-295 (300-305 annualised equivalent)	195-200	20-25	0.4	75	290-295
<b>Ruth Curry<sup>(7)</sup></b> People and Finance Director	120-125	15-20	n/a	-10	130-135	115-120	10-15	n/a	25	155-160
<b>Dax Harkins<sup>(8)</sup></b> Acting Chief Executive	120-125	15-20	0.6	42	180-185	110-115	15-20	0.4	31	160-165
<b>Gareth Headon<sup>(9)</sup></b> Communications and Strategy Director	115-120	15-20	n/a	45	175-180 (180-185 annualised equivalent)	110-115	0-5	n/a	43	155-160
<b>Paul Henry</b> Risk Director	120-125	15-20	n/a	48	185-190	120-125	10-15	n/a	47	180-185
<b>Matthew Smith</b> Chief Operating Officer	140-145	15-20	n/a	55	210-215	135-140	15-20	n/a	54	205-210

(1) Salary includes payments for unused annual leave.

(2) 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 2022-23 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 2022-23 are performance-related payments for the 2021-22 performance year, which were paid in September 2022. Performance-related payments for 2021-22 are performance-related payments for the 2020-21 performance year.

(3) 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.

(4) 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.

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

(6) Ian Ackerley retired on 12 March 2023.

(7) Ruth Curry, Finance Director until 27 June 2022 and then People and Finance Director from 27 June 2022.

(8) Dax Harkins was appointed Acting Chief Executive on 10 March 2023 (previously B2B and Operations Director).

(9) Gareth Headon was appointed Communications and Strategy Director on 6 December 2022 (previously Acting People and Strategy Director until 27 June 2022 and Acting Communications and Strategy Director until 5 December 2022)

(10) Jill Waters salary adjusted to reflect move from the London to Durham office.



	2022-23	2022-23	2022-23	2022-23	2022-23	2021-22	2021-22	2021-22	2021-22	2021-22
	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>Jill Waters<sup>(10)</sup></b> Retail Director	115-120	10-15	n/a	-24	100-105	120-125	10-15	n/a	4	140-145
<b>Band of highest-paid Director</b>	<b>190-195</b> (200-205 annualised equivalent)	<b>25-30</b>	<b>0.4</b>	<b>72</b>	<b>290-295</b> (300-305 annualised equivalent)	<b>195-200</b>	<b>20-25</b>	<b>0.4</b>	<b>75</b>	<b>290-295</b>
<b>Remuneration median for workforce<sup>(4)</sup></b>			<b>£50,058</b>					<b>£47,307</b>		
<b>Ratio of highest-paid Director to median salary of workforce<sup>(4)</sup></b>			<b>4.6</b>					<b>4.6</b>		

**Fair pay disclosure (Audited)**

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

This year's pay ratios have increased for the 25th percentile, stayed the same for the 50th percentile and decreased for the 75th percentile. The slight change can be attributed to the increase in the workforce included in the calculation and the breadth of pay. The median pay ratio is consistent with the pay and reward policies in place.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022-23	5.5:1	4.6:1	3.6:1
2021-22	5.4:1	4.6:1	3.7:1

The median remuneration has increased by 5.8% during 2022-23 when compared with 2021-22 (£50,058 in 2022-23 and £47,307 in 2021-22). The increase is due to an increase in headcount in our workforce at our managerial level. The banded remuneration of the highest-paid Director increased in 2022-23 when compared with 2021-22 (£230,000-£235,000 in 2022-23 and £215,000-£220,000 in 2021-22), mainly due to an increase in base pay and bonus received.

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

	2022-23	
	Total salary and allowances	Bonus payments
Staff average	7.3%	9.7%
Highest-paid Director	0%	22.2%

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

	25th percentile 2022-23	Median 2022-23	75th percentile 2022-23
Salary	£39,709	£47,246	£61,000
Total pay and benefits	£41,941	£50,058	£64,498

	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)**

	2022-23	2021-22
	£000	£000
<b>Ed Anderson CBE</b> (Chair)	20-25	20-25
<b>Christopher Fisher</b> <sup>(1)</sup>	–	15-20
<b>Nina Hingorani-Crain</b> <sup>(2)</sup>	15-20	5-10 (15-20 annualised equivalent)
<b>Jill Lucas</b>	15-20	15-20
<b>Sharmila Nebhrajani OBE</b> <sup>(3)</sup>	10-15 (15-20 annualised equivalent)	15-20
<b>David Woodward</b> <sup>(4)</sup>	0-5 (15-20 annualised equivalent)	n/a

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

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

(3) Sharmila Nebhrajani OBE left NS&I on 30 November 2022.

(4) David Woodward joined NS&I on 3 January 2023.

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

	Accrued pension at pension age as at 31 March 2023 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>Ian Ackerley</b> <sup>(2)</sup> Chief Executive	25-30	2.5-5	404	325	48	0
<b>Ruth Curry</b> <sup>(3)</sup> People and Finance Director	50-55 (plus a lump sum of 90-95)	0-2.5 (plus a lump sum of 0)	938	859	-25	0
<b>Dax Harkins</b> <sup>(4)</sup> Acting Chief Executive	45-50	2.5-5	677	590	21	0
<b>Gareth Headon</b> <sup>(5)</sup> Communications and Strategy Director <sup>(2)</sup>	30-35	2.5-5	368	322	21	0
<b>Paul Henry</b> Risk Director	10-15	2.5-5	215	162	36	0
<b>Matthew Smith</b> Chief Operating Officer	15-20	2.5-5	194	145	31	0
<b>Jill Waters</b> <sup>(6)</sup> Retail Director	30-35 (plus a lump sum of 95-100)	0 (plus a lump sum of 0)	784	751	-33	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) Ian Ackerley retired on 12 March 2023.

(3) Ruth Curry was Finance Director until 27 June 2022 and then People and Finance Director from 27 June 2022.

(4) Dax Harkins was appointed Acting Chief Executive on 10 March 2023 (previously B2B and Operations Director).

(5) Gareth Headon was appointed Communications and Strategy Director on 6 December 2022 (previously Acting People and Strategy Director until 27 June 2022 and Acting Communications and Strategy Director until 5 December 2022).

(6) Jill Waters salary was adjusted to reflect her move from the London to the Durham office.

### Civil Service pensions

From 1 April 2022, all remaining active members, including partially retired members in active service, moved to the reformed Civil Service scheme Alpha, a career average pension arrangement. Civil servants will accrue reckonable service in the Alpha pension scheme. The legacy scheme (the Principle Civil Service Pension Scheme or PCSPS) was closed to future service accrual from 31 March 2022. These schemes are Classic, Premium or Classic Plus; or a whole career average scheme (Nuvos). 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 which is administered by Legal and General. 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. 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 58 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. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023–24 CETV figures.

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 37 external permanent and fixed-term appointments in the year. These are summarised in the table on page 61. Full details of staff numbers can be found in Table 5 of the Departmental report on page 123.

## New permanent and fixed-term appointments made in 2022–23

	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	1	0	0	0	2	11	7	4	0
Female	0	0	0	0	2	6	1	3	0
White	1	0	0	0	2	14	4	4	0
Non-white	0	0	0	0	1	1	4	3	0
Non-declared	0	0	0	0	1	2	0	0	0
Disabled	0	0	0	0	1	0	2	1	0

## NS&amp;I Executive Directors, senior managers and all employees at 31 March 2023

Please note that Non-executive NS&I Board members and the HM Treasury representative on the Board are not included in these figures.

	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	4	2	0	0
The number of persons of each sex who were senior managers at year end <sup>(1)</sup>	28	14	0	0
The total number of persons who were employed at year end	114	95	0	2

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

As at 31 March 2023, NS&I employed 6 employees in roles equivalent to Senior Civil Servant (SCS) 2 and 8 employees equivalent to SCS 1.

## Staff and related costs

Staff costs comprise (subject to audit):

	2022–23 Permanently employed UK staff	2022–23 Others	2022–23 Ministers	2022–23 Special advisers	2022–23 Total	2021–22 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	11,462	1,099	–	–	12,561	10,889
Social security costs	1,344	–	–	–	1,344	1,224
Other pension costs	2,888	–	–	–	2,888	2,603
<b>Subtotal</b>	<b>15,694</b>	<b>1,099</b>	<b>–</b>	<b>–</b>	<b>16,793</b>	<b>14,716</b>
Less recoveries in respect of outward secondments	–	–	–	–	–	–
<b>Total net costs</b>	<b>15,694</b>	<b>1,099</b>	<b>–</b>	<b>–</b>	<b>16,793</b>	<b>14,716</b>

## Average number of persons employed (Audited)

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

Activity	2022-23 Permanently employed UK staff 000	2022-23 Others 000	2022-23 Ministers 000	2022-23 Special advisers 000	2022-23 Total 000	2021-22 Total 000
Staff engaged on capital projects	-	-	-	-	-	-
<b>Total</b>	<b>204</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>209</b>	<b>199</b>
Core staff	204	5	-	-	209	199
<b>Total</b>	<b>204</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>209</b>	<b>199</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 continued to experience a material increase in resignations during 2022-23, as colleagues have taken advantage of a recovering employment market and have left NS&I (in most cases) for well-paying roles in the private sector.

During 2023-24, NS&I will be reviewing and improving the leaver's exit interview process to fully ensure that strengths identified are leveraged and weaknesses addressed. This remains a key people metric for NS&I to review and monitor on a regular basis.

	2022-23	2021-22
Average unplanned employee turnover	14.37%	8.10%
Average gross employee turnover	16.47%	12.67%

## 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
	2022-23	2022-23	2022-23	2021-22	2021-22	2021-22
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	-	-	-	-
£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>-</b>	<b>-</b>	<b>-</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 2016. 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 2022–23, employer contributions of £2,786,991 were payable to the PCSPS (2021–22: £2,492,209) at one of four rates in the range 26.6% to 30.3% (2021–22: 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 2022–23 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 £96,847 (2021–22: £106,761) 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% (2021–22: 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 £3,806, 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 (2021–22: £4,225, 0.5% of pensionable earnings). Contributions due to the partnership pension providers at the Statement of financial position date were Nil (2021–22: 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 37 new employees who commenced employment during 2022–23, 24 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 and 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 2023–24, 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. In line with the Civil Service pay guidance 2022–23, our pay remit increased by 2% during the year.

Details of executive pay and performance-related pay can be found on pages 56 and 57. 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 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 2022–23, 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 2022–23, the rates were between 26.6% and 30.3% (2021–22: 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 59 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. Due to NS&I’s size, we do not have specific policies for the development and training of persons with a disability. 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 400 signatories to the Women in Finance Charter, led by HM Treasury.

## Employee engagement

For highlights of NS&I's scores in the Civil Service People Survey 2022, please see the Our people section of the Performance Report (pages 27 to 28).

## 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 2022–23. 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 2022, NS&I's gender pay gap data is as follows:

	%	
Mean gender pay gap – Ordinary pay	12.5	
Median gender pay gap – Ordinary pay	11.0	
Mean gender pay gap – Bonus paid in the 12 months ending 31 March	27.8	
Median gender pay gap – Bonus paid in the 12 months ending 31 March	16.8	
<b>Proportion of male and female employees paid a bonus in the 12 months ending 31 March</b>		
Male	83.5	
Female	86.3	
<b>Proportion of male and female employees in each quartile</b>		
<b>Quartile</b>	<b>Female %</b>	<b>Male %</b>
Lower quartile	50.0	50.0
Lower middle quartile	69.4	30.6
Upper middle quartile	40	60
Upper quartile	32.7	67.3

NS&I's gender pay gap data is calculated using salary at year end (i.e. 31 March 2022) and bonus figures paid out to the employee in the same financial year (so, 2021–22). This is consistent with how we report this data elsewhere. NS&I's mean gender pay gap has reduced and median pay gap remained static. NS&I's mean and median bonus gender pay gap have both increased, this can be attributed to the higher proportion of males in the upper middle and upper quartiles.

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 2023 was 3.26 days (2021–22: 3.27). This figure covers all absences including long-term absence. Short-term absences were 2.72 days (2021–22: 1.78). Overall, sickness absence levels at NS&I are below the Civil Service benchmark (based on figures to September 2022).



## 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	0.0038

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

The number of employees who were relevant union officials employed during 2022-23, 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 2022-23.

Total cost of facility time (£000)	£1.214
Total pay bill (£000)	£15,688.258
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.0077%

### 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 2022-23 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: Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater**

<b>Number of existing engagements as of 31 March 2023</b>	<b>7</b>
<i>of which, number that existed:</i>	
Less than 1 year	7
For between 1 and 2 years	0
For between 2 and 3 years	0
For between 3 and 4 years	0
For 4 or more years	0

**Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater**

<b>Number of temporary off-payroll workers engaged during the year ended 31 March 2023</b>	<b>16</b>
<i>of which:</i>	
Number not subject to off-payroll legislation	0
Number subject to off-payroll legislation and determined as in-scope of IR35	16
Number subject to off-payroll legislation and determined as out-of-scope of IR35x	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
<i>of which: Number of engagements that saw a change to IR35 status following review</i>	0

**Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023**

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 who 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 56 to 58 in Tables A and B relating to 2022–23.



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
 26 June 2023

## 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 SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

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

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 21, in the financial review section of the performance report. Further information on the Public Spending Framework and the 6 reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

#### Summary of resource and capital outturn

		Estimate			Outturn			2022-23	2021-22
SoPS note		Voted	Non-voted	Total	Voted	Non-voted	Total	Voted outturn compared with Estimate: savings/ (excess)	Outturn
		£000	£000	£000	£000	£000	£000	£000	Total
<b>Departmental Expenditure Limit (DEL)</b>									
- Resource	1.1	176,576	-	<b>176,576</b>	166,079	-	<b>166,079</b>	10,497	<b>156,260</b>
- Capital	1.2	28,118	-	<b>28,118</b>	11,454	-	<b>11,454</b>	16,664	<b>58</b>
<b>Annually Managed Expenditure (AME)</b>									
- Resource	1.1	6,700	-	<b>6,700</b>	-	-	-	6,700	-
- Capital		1,300	-	<b>1,300</b>	-	-	-	1,300	-
<b>Total budget</b>		<b>212,694</b>	-	<b>212,694</b>	<b>177,533</b>	-	<b>177,533</b>	<b>35,161</b>	<b>156,318</b>
<b>Total</b>		<b>212,694</b>	-	<b>212,694</b>	<b>177,533</b>	-	<b>177,533</b>	<b>35,161</b>	<b>156,318</b>
Total resource	1.1	183,276	-	183,276	166,079	-	166,079	17,197	156,260
Total capital	1.2	29,418	-	29,418	11,454	-	11,454	17,964	58
<b>Total</b>		<b>212,694</b>	-	<b>212,694</b>	<b>177,533</b>	-	<b>177,533</b>	<b>35,161</b>	<b>156,318</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	2022-23		2022-23		2021-22
	Estimate		Outturn	Net total outturn compared with Estimate: saving	Outturn
	£000		£000	£000	£000
3	<b>193,757</b>		<b>169,107</b>	<b>24,650</b>	<b>145,049</b>

**Administration costs**

	2022-23		2022-23	2022-23	2021-22
	Estimate		Outturn	Net total outturn compared with Estimate: saving	Outturn
	£000		£000	£000	£000
	<b>176,576</b>		<b>166,079</b>	<b>10,497</b>	<b>156,260</b>

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 69 to 72 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

	2022-23										2021-22
	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	£000	
<b>Spending in DEL</b>											
<b>Voted</b>											
Administration	234,038	(67,959)	166,079	-	-	-	166,079	176,576	10,497	156,260	
<b>Spending AME</b>											
<b>Voted</b>											
Administration	-	-	-	-	-	-	-	6,700	6,700	-	
<b>Total</b>	<b>234,038</b>	<b>(67,959)</b>	<b>166,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166,079</b>	<b>183,276</b>	<b>17,197</b>	<b>156,260</b>	

	2022-23	
<b>Difference between resource outturn and Estimate</b>	£000	£000
Lower programme costs	4,510	
Lower depreciation costs	2,577	
Lower staff costs	1,487	
Lower marketing and research costs	1,581	
Other difference	342	
<b>Total DEL underspend</b>		<b>10,497</b>
Lower requirement for provisions	6,700	
Lower revaluation charge for NS&I properties	-	
<b>Total AME underspend</b>		<b>6,700</b>
<b>Total underspend against Estimate</b>		<b>17,197</b>

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

	2022-23						2021-22
	Outturn			Estimate			Outturn
	Gross	Income	Net	Net	Net total compared with Estimate	Net	
£000	£000	£000	£000	£000	£000	£000	
<b>Spending in DEL</b>							
<b>Voted</b>							
Administration	11,454	-	11,454	28,118	16,664	58	
<b>Spending in AME</b>							
<b>Voted</b>							
Administration	-	-	-	1,300	1,300	-	
<b>Total</b>	<b>11,454</b>	<b>-</b>	<b>11,454</b>	<b>29,418</b>	<b>17,964</b>	<b>58</b>	

The capital outturn disclosed above excludes capitalised Private Public Partnership (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	2022–23 £000	2021–22 £000
<b>Total resource outturn in Statement of Parliamentary Supply</b>		166,079	156,260
	1.1	<b>166,079</b>	<b>156,260</b>
<b>Add:</b>			
Income transferred from deferred income to operating income		(1,306)	(4,272)
PPP asset depreciation		769	923
PPP asset amortisation		17,356	17,782
PPP asset revaluation (gain)/loss		-	-
PPP asset impairment		299	-
PPP asset loss on disposal		247	367
		<b>17,365</b>	<b>14,800</b>
<b>Less:</b>			
Transfer of PPP costs to capital		(8,359)	(12,144)
Profit on disposal taken through CDEL		-	-
		<b>(8,359)</b>	<b>(12,144)</b>
<b>Net operating cost in Statement of comprehensive net expenditure</b>		<b>175,085</b>	<b>158,916</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. The reconciling items are all

non- budget/non voted items that are not included in the budgeting framework but are included in IFRS under IFRIC12 Service Concession Arrangements for the PPP outsourcing arrangement NS&I has with its outsourced partner.

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

		2022–23 Estimate £000	2022–23 Outturn £000	2022–23 Net total outturn compared with Estimate: saving/ (excess) £000	2021–22 Outturn £000
<b>Resource outturn</b>	1.1	183,276	166,079	17,197	156,260
<b>Capital outturn</b>					
– Addition of property, plant and equipment	1.2	17,618	353	17,265	58
– Addition of intangible assets	1.2	11,800	11,101	699	-
<b>Accruals to cash adjustments</b>					
Adjustments to remove non-cash items:					
– Depreciation		(3,627)	(1,050)	(2,577)	(185)
– New provisions and adjustments to previous provisions		(6,700)	-	(6,700)	-
– Other non-cash items		(450)	(520)	70	(450)
Adjustments to reflect movements in working balances:					
– Increase/(decrease) in receivables		3,000	2,026	974	(308)
– Decrease/(increase) in payables		(11,160)	(8,882)	(2,278)	(10,326)
– Use of provisions	13	-	-	-	-
<b>Net cash requirement</b>		<b>193,757</b>	<b>169,107</b>	<b>24,650</b>	<b>145,049</b>

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this

reconciliation bridges the resource and capital outturn to the net cash requirement.

## 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*).

	2022-23 Outturn		2021-22 Outturn	
	Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Operating income outside the ambit of the Estimate	150	150	1	1
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	<b>150</b>	<b>150</b>	<b>1</b>	<b>1</b>

## Parliamentary Accountability Disclosures (audited)

### 1 Losses and special payments

#### 1.1 Losses statement

At 31 March

	Accounts Note	2022-23 Number of cases	2022-23 £000	2021-22 Number of cases	2021-22 £000
Compensation payments		-	-	-	-
Fraud loss		-	-	-	-
Bad debts	3	-	-	-	-
Fruitless payments		-	-	-	-
Special payments		-	-	-	-
<b>Total</b>		-	-	-	-

Net fraud losses are shown in the table below:

	2022-23 £000	2021-22 £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 2022–23 which were agreed with HM Treasury (2021–22: Nil).

## 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.

	2022–23			2021–22		
	Gross income	Full cost	Surplus	Gross income	Full cost	Surplus
	£000	£000	£000	£000	£000	£000
Business-to-business	69,268	57,616	11,652	57,373	46,352	11,021

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 the concept of regularity and the importance of compliance with HM Treasury's *Managing Public Money* is understood. In 2022–23, we did not breach any of our controls totals, details are provided in the Statement of Parliamentary Supply on pages 67 to 68. Our 2022–23 accounts have received a qualified regularity opinion due to irregular expenditure as a result of consultancy spend which NS&I incurred without having obtained the necessary approval from the Cabinet Office. This is described further on page 52 and in the report by the Comptroller and Auditor General on page 77.



**Dax Harkins**

**Chief Executive**

**National Savings and Investments**

26 June 2023



## The certificate 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 2023 under the Government Resources and Accounts Act 2000. The financial statements comprise: National Savings and Investments’:

- Statement of Financial Position as at 31 March 2023;
- 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 National Savings and Investments’ affairs as at 31 March 2023 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.

### Qualified opinion on regularity

In my opinion, except for the effects of the matters described in the *Basis for qualified opinion on regularity* section, 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 2023 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 qualified opinion on regularity

National Savings and Investments is required to comply with Cabinet Office spend controls which form part of its framework of authorities. These include controls over consultancy spend.

During 2022–23, National Savings and Investments incurred consultancy spend as part of its transformation programme. Spend against one of National Savings and Investments’ consultancy contracts exceeded the £10 million Cabinet Office threshold in July 2022, at which point the Cabinet Office should have been notified.

National Savings and Investments did not identify that this breach had occurred until November 2022 and notified the Cabinet Office at this point. The Cabinet Office refused to give retrospective approval.

Expenditure of £4.3 million (net of VAT), recognised within note 3 of the financial statements, therefore did not have appropriate Cabinet Office approval. I have qualified my regularity opinion as a result.

My report which follows provides further detail of my qualified regularity opinion.

### 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 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 is 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 and my auditor’s certificate and report thereon. 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.

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 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:

- 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
- I have not received all of the information and explanations I require for my audit; 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 the parts of the Remuneration and Staff Report to be audited 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within National Savings and Investments from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the Annual Report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing National Savings and Investments’ 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, I:

- considered the nature of the sector, control environment operational performance including the design of National Savings and Investments’ accounting policies, and performance incentives.
- inquired of management, National Savings and Investments’ head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to National Savings and Investments’ policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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;
- inquired of management, National Savings and Investments’ head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with 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, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of National Savings and Investments’ framework of authority and other legal and regulatory frameworks in which National Savings and Investments operates. I focused 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 and Supply and Appropriation (Main Estimates) Act 2022.

***Audit response to identified risk***

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud 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 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 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 I identify during my audit.

**Gareth Davies**

**Date 27 June 2023**

**Comptroller and Auditor General**

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

# The Report of the Comptroller and Auditor General to the House of Commons

## Introduction

**1 I have qualified my opinion on the regularity of the National Savings and Investments (NS&I's) 2022-23 financial statements due to irregular expenditure. This is a result of consultancy spend which NS&I incurred without having obtained the necessary approval from the Cabinet Office.**

**2** NS&I is the UK state-owned savings bank offering savings and investments products including Premium Bonds. It is responsible for delivering on government borrowing requirements by raising finance through UK savers. Customers investing in NS&I's products are lending to the government. In return they receive interest on their investment or in the case of Premium Bonds, prizes.

**3** NS&I is undergoing a significant transformation programme. This will see NS&I move from a single Public Private Partnership contract with Atos to a multi-supplier operating model from 2025.

### Cabinet Office spending controls

**4** The Cabinet Office has put in place a number of controls over departments' spending. These are designed to help organisations to reduce unnecessary spend and encourage cross-government collaboration. They cover a range of spend areas including commercial spend and consultancy and professional services (C&PS).

**5** Prior to 1 February 2023, Cabinet Office Commercial spend controls required organisations to obtain approval from the Cabinet Office when they expected spend against a contract to exceed £10 million. From 1 February 2023, the threshold was increased to £20 million. These controls form part of NS&I's framework of authorities with which NS&I is required to comply. Breaches of these controls are therefore irregular.

### NS&I consultancy contract

**6** In January 2020, NS&I awarded a three-month contract to a management consulting company to provide specialist support and advice services to facilitate the development and realisation of its transformation programme. The contract provided for an initial engagement and two subsequent extensions which were exercised in April 2020 following a discovery phase and subsequently in April 2021. The contract now has an end date of March 2024. The contract had no floor/ceiling in its price and the initial estimate of spend was c.£5 million. The Cabinet Office commercial spend and C&PS controls applied to this contract.

**7** Prior to awarding the contract, NS&I contacted the Cabinet Office seeking approval. The Cabinet Office confirmed no approval was needed on the basis that the expected spend was below the £10 million threshold above which approval would have been required.

**8** NS&I's spend against this contract exceeded £10 million in July 2022. The breach of the Cabinet Office control was not identified by NS&I until November 2022, when NS&I informed the Cabinet Office that it had breached the commercial spend controls. The Cabinet Office refused to provide retrospective approval for this spend.

**9** Total spend incurred against the contract between July 2022 (when the £10 million threshold was exceeded) and February 2023 (when the threshold was increased) was £4.3 million net of VAT. I consider this expenditure, which has been recognised within note 3 of the financial statements, to be irregular. This is material to NS&I and I have qualified my regularity opinion.

**10** NS&I has set out in its Governance Statement that the reason for the increased costs against the contract is a result of recruitment and retention challenges faced by NS&I, and the criticality of the transformation programme.

### Actions taken by NS&I

**11** NS&I has put steps in place to ensure greater oversight of contract spend. NS&I's Executive Committee now receives monthly reporting of consultancy spend broken down by contract.

**Gareth Davies**

**Date 27 June 2023**

### 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 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the National Savings and Investments' Product Accounts

- Statement of Financial Position as at 31 March 2023;
- 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 National Savings and Investments' Product Accounts' affairs as at 31 March 2023 and its income less cost 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 am independent of the 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 the National Savings and Investments' Product Accounts' 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 the National Savings and Investments' Product Accounts' 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 National Savings and Investments' Product Accounts 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 is 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 and my auditor's certificate and report thereon. 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.

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 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 the 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:

- Adequate accounting records have not been kept by the National Savings and Investments or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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 Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Savings and Investments from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the Annual Report is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the National Savings and Investments’ Product Accounts’ 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 the 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Savings and Investments' Product Accounts' accounting policies and performance incentives.
- inquired of management, the 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 Accounts' policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the 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;
- inquired of management, the National Savings and Investments head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with 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, bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Savings and Investments' framework of authority and other legal and regulatory frameworks in which the National Savings and Investments operates. I focused 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 the National Savings and Investments. The key laws and regulations I considered in this context included 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**

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud 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 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 I identify during my audit.



**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 27 June 2023**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
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# 03

## Financial Statements

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## Statement of comprehensive net expenditure for the period ending 31 March 2023

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	2022-23 £000	2021-22 £000
Income from sale of goods and services	4	(69,265)	(57,373)
Other operating income	4	-	(3)
<b>Total operating income</b>		<b>(69,265)</b>	<b>(57,376)</b>
Staff costs	2	16,793	14,716
Purchase of goods and services	3	207,260	181,870
Depreciation and impairment charges	3	19,721	19,256
Other operating expenditure	3	520	450
<b>Total operating expenditure</b>		<b>244,294</b>	<b>216,292</b>
Interest charges		56	-
<b>Net operating expenditure</b>		<b>175,085</b>	<b>158,916</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	(1,154)	(4,134)
<b>Comprehensive net expenditure for the year</b>		<b>173,931</b>	<b>154,782</b>

All income and expenditure is derived from continuing operations.

The notes on pages 87 to 101 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	2023 £000	2023 £000	2022 £000	2022 £000
<b>Non-current assets</b>					
Property, plant and equipment	5	7,533		2,623	
Intangible assets	6	66,314		64,290	
<b>Total non-current assets</b>			<b>73,847</b>		<b>66,913</b>
<b>Current assets</b>					
Trade and other receivables	8	4,579		2,553	
Cash and cash equivalents	9	7,710		217	
Client funds	10	98,383		96,761	
<b>Total current assets</b>			<b>110,672</b>		<b>99,531</b>
<b>Total assets</b>			<b>184,519</b>		<b>166,444</b>
<b>Current liabilities</b>					
Trade and other payables	11	(45,146)		(27,306)	
Client funds: liability to HM Treasury, HMRC	10	(98,383)		(96,761)	
<b>Total current liabilities</b>			<b>(143,529)</b>		<b>(124,067)</b>
<b>Total assets less current liabilities</b>			<b>40,990</b>		<b>42,377</b>
<b>Non-current liabilities</b>					
Trade and other payables	11	(7,158)		(3,530)	
<b>Total non-current liabilities</b>			<b>(7,158)</b>		<b>(3,530)</b>
<b>Total assets less total liabilities</b>			<b>33,832</b>		<b>38,847</b>
<b>Taxpayers' equity</b>					
General Fund			29,607		34,144
Revaluation reserve	12		4,225		4,703
<b>Total equity</b>			<b>33,832</b>		<b>38,847</b>

The notes on pages 87 to 101 form part of these accounts.



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
 26 June 2023

## 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	2022-23 £000	2021-22 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(175,085)	(158,916)
Adjustment for non-cash transactions	3	20,241	19,706
(Increase)/Decrease in trade and other receivables	8	(2,026)	308
Increase/(Decrease) in trade and other payables	11	2,867	3,794
<b>Net cash outflow from operating activities</b>		<b>(154,003)</b>	<b>(135,108)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(619)	(823)
Purchase of intangible assets	6	(18,849)	(11,380)
Increase/(Decrease) in capital payables	11	5,206	2,262
<b>Net cash outflows from investing activities</b>		<b>(14,262)</b>	<b>(9,941)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		176,817	145,266
To the Consolidated Fund (Supply) – prior year		(217)	(3,066)
Capital element of payments in respect of leases		(842)	–
<b>Net cash flows from financing activities</b>		<b>175,758</b>	<b>142,200</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>7,493</b>	<b>(2,849)</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		150	1
Payments of amounts due to the Consolidated Fund		(150)	(1)
<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>7,493</b>	<b>(2,849)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>217</b>	<b>3,066</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>7,710</b>	<b>217</b>

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

The notes on pages 87 to 101 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 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>
<b>Adjustments for implementation of IFRS 16</b>		<b>(711)</b>	<b>-</b>	<b>(711)</b>
<b>Balance at 1 April 2022</b>		<b>33,433</b>	<b>4,703</b>	<b>38,136</b>
<b>Changes in taxpayers' equity 2022-23</b>				
Net Parliamentary Funding – drawn down		176,600	-	176,600
Net Parliamentary Funding – deemed		217	-	217
Supply payable adjustment		(7,710)	-	(7,710)
		<b>169,107</b>	<b>-</b>	<b>169,107</b>
Net operating costs for the year		(175,085)	-	(175,085)
<b>Non-cash adjustments</b>				
Auditor's remuneration	3	520	-	520
Net gain on revaluation of non-current assets	12	-	1,154	1,154
		(174,565)	1,154	(173,411)
<b>Movements in reserves</b>				
Transfer between reserves	12	1,632	(1,632)	-
<b>Balance at 31 March 2023</b>		<b>29,607</b>	<b>4,225</b>	<b>33,832</b>

The notes on pages 87 to 101 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 2022–23 *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 2023 or later periods. NS&I has not early adopted the standards, amendments or interpretations described below.

##### 1.1.1 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.

##### 1.1.2 Other amendments to the FReM

Other amendments to the FReM due to come into effect on or after 1 April 2023 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 with 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.
- During 2022-23, IBM developed NS&I's digital integration and service operations package. The asset at 31 March 2023 was included at cost under asset under construction. At that time, it was not ready for use.

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.

NS&I entered into a contract with IBM for the development of NS&I's Procurement Package A which includes the design, build and implementation of NS&I's digital integration and service operations. This development is not part of IFRIC 12 Service Concession arrangement NS&I has with Atos. This is part of transforming NS&I's business model from a single model to a multi-supplier one.

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

- it is probable that future economic benefits associated with the asset will flow to NS&I; and
- 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.

It has been agreed that the application of IFRS 16 to PPP accounting will be deferred until 2023-24. When this comes into force reporting entities should record indexation linked payments in PPP liabilities in accordance with IFRS 16. Details will be available in the 2023-24 FReM to be published at the end of December 2022.

#### 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
Right of use assets	Length of lease term

#### 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
Right of use assets	Length of lease term

#### 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

NS&I implemented IFRS 16 Leases from 1 April 2022.

Under IFRS 16 all material leases with a term of more than 12 months will come onto the Statement of financial position as right-of-use assets with a corresponding lease liability. At 1 April 2022 this includes the obligations for Freeman's Reach in Durham.

NS&I, on the implementation of IFRS 16, valued the right-of-use asset and the corresponding liability at the present value of lease payments using the HM Treasury discount rate as provided in the relevant Public Expenditure System (PES) paper for the appropriate time period.

The right-of-use asset is depreciated in line with NS&I's existing depreciation policies. Lease liabilities are measured at amortised cost and a finance charge is charged to the Statement of comprehensive net expenditure each year over the life of the lease.

NS&I recognises the cumulative effects of initially applying IFRS 16 recognised at the date of initial application (1 April 2022) as an adjustment to the opening balances of taxpayers' equity.

VAT on rentals is charged to the Statement of comprehensive net expenditure and does not form part of the right-of-use asset.

### 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. IFRS 9 has not had any material 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 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:

	2022-23 £000	2021-22 £000
Wages and salaries	12,561	10,889
Social security costs	1,344	1,224
Other pension costs	2,888	2,603
<b>Total net costs</b>	<b>16,793</b>	<b>14,716</b>

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

## 3 Expenditure

	Note	2022-23 £000	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000	2021-22 £000
Public Private Partnership (PPP) provider costs <sup>(1)</sup>		178,485			168,136		
Transfer of PPP provider costs to capital		(8,359)			(12,144)		
<b>Net PPP costs</b>			170,126			155,992	
Goods and services			35,986			23,557	
Rentals under operating leases			1,148			2,320	
Losses and special payments			-			1	
<b>Total goods and services</b>				207,260			181,870
<b>Interest charges</b>			56	56		-	-
<b>Non-cash items</b>							
Depreciation	5		1,742			1,037	
Amortisation	6		17,433			17,852	
Loss on disposal of property, plant and equipment, intangible assets	5,6		247			367	
Impairment loss on asset under construction			299			-	
Revaluation of non-current assets	5,6,12		-			-	
<b>Depreciation and impairment</b>			<b>19,721</b>			<b>19,256</b>	
Auditor's remuneration and expenses <sup>(2)</sup>			520			450	
<b>Total non-cash items</b>				<b>20,241</b>			<b>19,706</b>
				<b>227,557</b>			<b>201,576</b>

(1) Public Private Partnership (PPP) gross costs were £178,485,000 (2021-22: £168,136,000). 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 £8,359,000 (2021-22: £12,144,000). The treatment is outlined in accounting policy note 1.4.

(2) The Audit remuneration costs includes fees for the Product Accounts statutory audit of £430,000 (£380,000 in 2021-22) and for the Resource Accounts statutory audit fees of £90,000 (£70,000 in 2021-22).

## 4 Income

## 4.1 Operating income

	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000
Operating income comprises:				
Business-to-business	69,265		57,373	
<b>Income from sale of goods and services</b>		69,265		57,373
Other receipts	-		3	
<b>Other operating income</b>		-		3
<b>Total operating income</b>		<b>69,265</b>		<b>57,376</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 2022	-	10,889	15,414	836	2,722	-	29,861
Additions	-	347	451	-	168	-	966
Transfer from 'Assets under construction'	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>-</b>	<b>11,236</b>	<b>15,865</b>	<b>836</b>	<b>2,890</b>	<b>-</b>	<b>30,827</b>
<b>Depreciation</b>							
At 1 April 2022	-	(5,203)	(14,330)	(478)	(1,541)	-	(21,552)
Charged in year	-	(848)	(541)	(44)	(309)	-	(1,742)
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>-</b>	<b>(6,051)</b>	<b>(14,871)</b>	<b>(522)</b>	<b>(1,850)</b>	<b>-</b>	<b>(23,294)</b>
<b>Carrying amount</b>							
<b>At 31 March 2023</b>	<b>-</b>	<b>5,185</b>	<b>994</b>	<b>314</b>	<b>1,040</b>	<b>-</b>	<b>7,533</b>
<b>Owned assets</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>314</b>	<b>409</b>	<b>-</b>	<b>764</b>
<b>Leased assets</b>	<b>-</b>	<b>5,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,185</b>
<b>IFRIC 12 assets</b>	<b>-</b>	<b>-</b>	<b>953</b>	<b>-</b>	<b>631</b>	<b>-</b>	<b>1,584</b>
<b>Total</b>	<b>-</b>	<b>5,185</b>	<b>994</b>	<b>314</b>	<b>1,040</b>	<b>-</b>	<b>7,533</b>

(1) Following the implementation of IFRS 16 Leases, NS&I capitalised its lease in Durham as a right-of-use asset (ROU). The lease commenced in January 2015. It is included in the opening balance; depreciation opening balance covers the period from January 2015 to March 2022. Depreciation for the current year is included in depreciation charged in year. Two other short-term leases for longer than 12 months were included as additions.

## 5(b) Prior year

	Land	Buildings	Information technology	Plant and machinery	Furniture and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£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>

## 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 2022</b>	126,361	18,359	20,185	20,875	185,780
Additions <sup>(2)</sup>	702	1,186	-	16,961	18,849
Transfer from 'Assets under construction'	22,298	-	-	(22,298)	-
Revaluation <sup>(2)</sup>	2,113	-	499	-	2,612
Impairment	-	-	-	(299)	(299)
Disposals	(5,173)	-	-	-	(5,173)
<b>At 31 March 2023</b>	<b>146,301</b>	<b>19,545</b>	<b>20,684</b>	<b>15,239</b>	<b>201,769</b>
<b>Amortisation</b>					
<b>At 1 April 2022</b>	(86,651)	(15,430)	(19,409)	-	(121,490)
Charged in year	(15,401)	(1,828)	(204)	-	(17,433)
Revaluation <sup>(3)</sup>	(974)	-	(484)	-	(1,458)
Disposals	4,926	-	-	-	4,926
<b>At 31 March 2023</b>	<b>(98,100)</b>	<b>(17,258)</b>	<b>(20,097)</b>	<b>-</b>	<b>(135,455)</b>
<b>Carrying amount</b>					
<b>At 31 March 2023</b>	<b>48,201</b>	<b>2,287</b>	<b>587</b>	<b>15,239</b>	<b>66,314</b>
<b>Owned assets</b>	<b>163</b>	<b>-</b>	<b>-</b>	<b>11,140</b>	<b>11,303</b>
<b>Leased</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IFRIC 12 assets</b>	<b>48,038</b>	<b>2,287</b>	<b>587</b>	<b>4,099</b>	<b>55,011</b>
<b>Total</b>	<b>48,201</b>	<b>2,287</b>	<b>587</b>	<b>15,239</b>	<b>66,314</b>

(1) Assets under construction totalled £15.24 million at 31 March 2023. Developments continued to cover a number of transformation projects that are essential in preparing for the development of NS&I's future operating model as well as carrying out further developments to customer experience. Developments that went live included mobile apps, Progressive Transformation 2, secure customer authentication and improvements to communications and acknowledgements on bank transfers. Other developments that continued during the year included work on the digital integration and service ops platform.

(2) Assets under construction includes £11.1 million expenditure on the development of NS&I's Procurement Package A (PPA), which includes the design, build, testing and implementation of NS&I's digital integration and service ops package. The digital integration and service ops package is intended to become the technical and operational centre of NS&I's future operating model. Furthermore, it will provide an integration platform to support future business development as well as providing greater service ops capabilities. PPA will also provide a Central Security Monitoring Service for all future programme procurement packages, including Digital Experience and Enablement, Contact Centre and Operations, and Core Banking engine.

(3) Information technology software was revalued during the year using an appropriate ONS index. This was the Computer Services Producer Price Index produced by the Office for National Statistics. The net increase in value of the assets was £1.154 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 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 Bond 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 ONS index. This was the Computer Services Producer Price Index produced by the Office for National Statistics. The net increase in value of the assets was £4.13 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

	2023 £000	2022 £000
<b>Amounts falling due within one year:</b>		
Deposits and advances	77	29
Prepayments	897	1,123
Accrued income	3,605	1,401
<b>Total trade and other receivables</b>	<b>4,579</b>	<b>2,553</b>

## 9 Cash and cash equivalents

	2023 £000	2022 £000
<b>Balance at 1 April</b>	217	3,066
Net change in cash and cash equivalent balances	7,493	(2,849)
<b>Closing cash and cash equivalent balance</b>	<b>7,710</b>	<b>217</b>
<b>The following balances are held at:</b>		
Government Banking Service	7,710	217
<b>Balance at 31 March</b>	<b>7,710</b>	<b>217</b>

## 10 Client funds

	2023 £000	2022 £000
<b>Balance at 1 April</b>	96,761	70,087
Net change in client funds balances	1,622	26,674
<b>Closing client funds balance</b>	<b>98,383</b>	<b>96,761</b>
<b>The following balances are held at:</b>		
Government Banking Service	98,383	96,761
<b>Balance at 31 March</b>	<b>98,383</b>	<b>96,761</b>
<b>Corresponding liability for payments to be made on behalf of HMRC, HM Treasury</b>	<b>(98,383)</b>	<b>(96,761)</b>

Client funds are being held on behalf of HM Revenue and 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 £81,225,000 (2022: £74,535,000). NS&I is also holding £167,725,000 (2022: £141,141,000) 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 £7,892,000 on behalf of HM Treasury (2022: £7,888,200) in the operation of the Help to Buy Scheme, which was launched in 2019.

NS&I is also holding £9,266,000 (2022: £14,338,000) on behalf of HMRC for the operation of the Help to Save scheme, which was launched in 2018. It is also holding £198,947,000 (2022: £210,305,000) 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

	2023 £000	2022 £000
<b>Amounts falling due within one year:</b>		
VAT	93	71
Taxation and social security	335	316
Advances and deposits	58	-
Trade payables	3,680	4,952
Other payables	306	277
Accruals	30,690	20,166
Deferred income	1,263	1,307
Lease liabilities <sup>(2)</sup>	1,011	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	7,710	217
<b>Total trade and other payables</b>	<b>4,891</b>	<b>27,306</b>
<b>Amounts falling due after more than one year:</b>		
Deferred income <sup>(1)</sup>	2,267	3,530
Lease liabilities payable in more than one year <sup>(2)</sup>	4,891	-
<b>Non-current liabilities</b>	<b>7,158</b>	<b>3,530</b>
<b>Total trade payables and other liabilities</b>	<b>52,304</b>	<b>30,836</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.

(2) The implementation of IFRS 16 has meant that NS&I currently has lease liabilities on its Wearside House lease to January 2030.

## 12 Movement in revaluation reserve at 31 March

	Note	2023 £000	2022 £000
<b>Revaluation reserve changes:</b>			
Balance in revaluation reserve at 1 April		(4,703)	(955)
Total downward revaluation	6	-	-
Upward revaluation	5,6	(1,154)	(4,134)
<b>Revaluation movement</b>		<b>(1,154)</b>	<b>(4,134)</b>
Depreciation adjustment		1,632	386
<b>Subtotal</b>		<b>1,632</b>	<b>386</b>
<b>Balance at 31 March</b>		<b>(4,225)</b>	<b>(4,703)</b>

## 13 Leases

	Land £000	Buildings £000	Information technology £000	Plant and machinery £000	Furniture and fittings £000	Total £000
Right-of-use assets	-	-	-	-	-	-
As at 1 April 2022	-	10,889	-	-	-	10,889
Additions	-	347	-	-	-	347
Depreciation expense	-	(6,051)	-	-	-	(6,051)
<b>As at 31 March 2023</b>	<b>-</b>	<b>5,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,185</b>

NS&I brought on £10.889 million right of use asset at 1 April 2022 for the lease at Freeman's reach. The net value of the asset at that date was £5.687 million. The net book value of the asset at 31 March 2023 was £4,962. A further £0.35 million leased assets were acquired

### Lease liabilities

A maturity analysis contractual undiscounted cash flows is provided below. The cashflows are balances presented net of VAT.

	2023 £000	2022 £000
<b>Buildings:</b>		
Not later than one year	1,009	767
Later than one year and not later than five years	3,465	3,390
Later than five years	1,589	2,454
<b>Total</b>	<b>6,063</b>	<b>6,611</b>
Less interest element	(161)	(214)
Present value of obligations	<b>5,902</b>	<b>6,397</b>

NS&I's leases relate to the leases it has for its right of use asset in Wearside House in Durham and also its London headquarters at Sanctuary Buildings.

#### 14 Commitments under the Public Private Partnership contract

In May 2013, following a tender, NS&I entered into a 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 was scheduled

at 31 March

	2023 £000	2022 £000
Amounts falling due within one year	103,644	96,526
Net present value of amounts falling due within two to five years	69,200	81,766
<b>Total</b>	<b>172,844</b>	<b>178,292</b>

#### 15 Other commitments

The following shows the future contract payments that NS&I are committed to at 31 March 2023:

	2023 £000
Amounts falling due within one year	6,640
Value of amounts falling due within two to five years	21,336
Value of amounts falling due over five years	335
<b>As at 31 March</b>	<b>28,311</b>

	2022 £000
Comparable figures at March 2022 were:	
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 five years	4,371
<b>As at 31 March</b>	<b>36,492</b>

to complete in March 2024. The value of the contract extension was estimated to be over £300 million for the three additional years.

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.

Following approval from HM Treasury and the Cabinet Office, a Termination Assistance Notice was signed in December 2022, ensuring continuity of services with Atos until 31 March 2025, prior to a move to a multi-supplier model.

If Atos meets performance standards in the contract, the service charge payable under the contract at constant price levels would be:

**16 Contingent liabilities disclosed under IAS 37**

NS&I did not have any provisions or contingent liabilities at 31 March 2023 (31 March 2022: 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, HM Revenue and Customs, and a small number of immaterial transactions with other government departments: Government Legal 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.

	2023	2022
	£000	£000
<b>Balance at 31 March</b>		
Executive Directors and Non-executive Directors	376	473

In relation to holdings in Premium Bonds, the Premium Bond Regulations 1972 (Statutory Instrument (SI) 1972 No 765) 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 by the Comptroller and Auditor General. 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 117.

### Scope of the Product Accounts

These accounts record transactions for the year ended 31 March 2023 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.

### 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 products.

The products covered by these accounts and their governing legislation and regulations are as follows:

### 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.

Savings Certificates, Children's Bonds, Guaranteed Income Bonds and Guaranteed Growth Bonds have had unclaimed matured funds transferred to the Residual Account in order to continue earning interest for customers.

### Notable events during the year ended 31 March 2023

Our retail product performance for the financial year ended 31 March 2023 saw customer investments grow to £218.3 billion from £207.6 billion (2021–22). We received £53.7 billion (2021–22: £44.9 billion) from investors while payments to investors were £48.6 billion (2021–22: £42.7 billion). Interest and prizes earned by investors totalled £5.5 billion (2021–22: £2.5 billion). The overall increase in investor funds for the financial year was £10.6 billion (2021–22: £4.7 billion) resulting in Net Financing of £10.0 billion (2021–22: £4.4 billion). Net Financing excludes our Green Savings Bonds, as the bonds are a policy product.

In 2022–23, we made five changes to the Premium Bond prize fund rate that saw it increase from 1% (rate in April 2022) to 3.30%, from the March 2023 prize draw. In addition to increasing the prize fund rate, we made two changes to the odds of each £1 Premium Bond winning a prize in 2022–23, which improved the odds from 34,500 to 1 at the start of the financial year to 24,000 to 1, effective October 2022.

During the financial year, we increased the interest rates for some of our variable rate products. Interest rates for Direct Saver and Income Bonds increased from 0.50% to 2.85% over the course of the year. We also increased interest rates on Individual Savings Accounts and Junior Individual Savings Accounts, with the rates for these two products moving from 0.35% to 2.15% and 1.50% to 3.40% respectively. Our Investment Account customers also benefitted from interest rate increases with the product rate moving from 0.01% to 0.60%.

Some of our fixed rate products, Guaranteed Growth Bonds (GGB), Guaranteed Income Bonds (GIB) and Fixed Interest Savings Certificates (FISC), also had interest rate increases during the 2022–23 financial year. Interest rates for two-year and five-year FISC moved from 0.10% to 4% and from 0.50% to 4.05% respectively. In addition to

this, interest rates for two-year, three-year and five-year GGB and GIB moved from below 1% to over 4%, with the rates on five-year term investments in these two products reaching 4.25% and 4.15% respectively. Interest rates on one-year GGB and GIB moved from 0.10% to 4% and from 0.06% to 3.90% respectively. These changes benefited customers with maturing investments who chose to reinvest, as they were able to renew their investments at a higher interest rate.

In February 2023, our one-year GGB and GIB went back on general sale with rates of 4% and 3.90% respectively. These bonds had previously been on general sale in 2019. Having these bonds back on sale gave savers the opportunity to invest at these rates for one year, with the minimum investment being £500 and the maximum £1 million.

The 2022–23 financial year saw us further strengthen our green investment customer proposition as we put new issues of the Green Savings Bonds on general sale. In August 2022, a third issue of Green Savings Bonds was put on sale at a rate of 3% over a three-year term. A fourth issue of the bonds went on general sale in February 2023, at a rate of 4.20% over a three-year term. By investing in the Green Savings Bonds, our customers have an opportunity to help fund green projects across the UK through their investments as part of the Government's green financing framework.

Throughout the 2022–23 financial year, we sought to encourage a stronger savings culture through our retail product changes while balancing the interests of savers, taxpayers and the broader financial services sector.

### Audit

These accounts have been audited by the Comptroller and Auditor General, whose Certificate and Report appears on pages 78 to 81.

## Statement of comprehensive income for the year ended 31 March

	Note	2022-23 £000	2021-22 £000
<b>Income</b>			
Interest and prizes financed by the NLF	4	5,481,557	2,531,674
Interest and prizes financed by the NLF		5,481,557	2,531,674
<b>Cost</b>			
Interest and prizes earned by investors		(5,481,557)	(2,531,674)
Interest and prizes earned by investors	2	(5,481,557)	(2,531,674)
<b>Income less cost</b>		<b>-</b>	<b>-</b>

The notes on pages 107 to 116 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	2023 £000	2022 £000
<b>Current assets</b>			
Held by the NLF	4	215,413,402	205,234,767
Other receivables	5	340,546	347,355
Cash and cash equivalents	9	2,517,650	2,061,775
<b>Total current assets</b>	10	<b>218,271,598</b>	<b>207,643,897</b>
<b>Current liabilities</b>			
Liability to investors	6	(215,047,372)	(201,885,642)
Other payables	7	(16,546)	(16,690)
<b>Total current liabilities</b>	10	<b>(215,063,918)</b>	<b>(201,902,332)</b>
<b>Net current assets</b>		<b>3,207,680</b>	<b>5,741,565</b>
<b>Non-current liabilities</b>			
Liability to investors	6	(3,207,680)	(5,741,565)
<b>Total non-current liabilities</b>	10	<b>(3,207,680)</b>	<b>(5,741,565)</b>
<b>Assets less liabilities</b>		<b>–</b>	<b>–</b>

The notes on pages 107 to 116 form part of these accounts.



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
 26 June 2023

## Statement of cash flows for the year ended 31 March

	Note	2022-23 £000	2021-22 £000
<b>Cash flows from operating activities</b>			
Income less cost		-	-
Increase in net funds held by the NLF	8	(10,178,635)	(4,850,551)
Decrease in other receivables	5	6,809	106,920
Increase in total funds invested	2	10,627,845	4,664,468
(Decrease)/increase in other payables	7	(144)	9,477
<b>Net cash flow from operating activities</b>		<b>455,875</b>	<b>(69,686)</b>
<b>Net Increase/(decrease) in cash and cash equivalents in the period</b>	9	455,875	(69,686)
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>2,061,775</b>	<b>2,131,461</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>2,517,650</b>	<b>2,061,775</b>

The notes on pages 107 to 116 form part of these accounts.

## Notes to the Product Accounts

### 1 Statement of accounting policies

These accounts are prepared in accordance with the 2022–23 *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 2023. NS&I has not early adopted the standards, amendments and interpretations described below.

##### 1.2.1 IFRS 17 *Insurance Contracts* (effective from annual periods beginning on or after 1 January 2023)

*IFRS 17 Insurance Contracts* supersedes *IFRS 4 Insurance Contracts* for periods beginning on or after 1 January 2023. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts so that an entity provides relevant information that faithfully represents those contracts, thus enabling users of financial statements to assess the effect that insurance contracts have on an entity's financial position, financial performance and cash flows. Implementation of this standard has not yet been included in the FReM.

The standard will have no impact on the Product Accounts as they do not contain any insurance arrangements.

##### 1.2.2 Other amendments to the FReM

Other amendments to the FReM due to come into effect on or after 1 April 2023 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 2023
	£000	£000	£000	£000	£000	£000
Children's Bonds	-	555	(48,684)	(9,974)	(58,103)	6,460
Direct Saver	18,328,033	462,549	(18,062,832)	-	727,750	31,513,952
Green Savings Bonds	622,660	8,807	(4,316)	-	627,151	915,710
Guaranteed Bonds	4,945,263	80,964	(1,333,733)	-	3,692,494	12,291,327
Income Bonds	7,624,720	286,619	(6,418,804)	-	1,492,535	19,995,477
Individual Savings Account	510,564	52,227	(731,354)	-	(168,563)	4,464,772
Investment Account	243,246	5,725	(700,020)	-	(451,049)	2,283,901
Junior Individual Savings Account	77,382	7,134	(47,135)	-	37,381	336,650
Premium Bonds	21,135,473	2,583,684	(20,012,828)	-	3,706,329	123,266,638
Residual Account	19,597	59	(22,985)	9,974	6,645	689,291
Savings Certificates	198,376	1,993,234	(1,176,335)	-	1,015,275	22,490,874
<b>Total</b>	<b>53,705,314</b>	<b>5,481,557</b>	<b>(48,559,026)</b>	<b>-</b>	<b>10,627,845</b>	<b>218,255,052</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 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>

Net Financing for 2022-23 is £10.00 billion (2021-22: £4.38 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 103 of these accounts discloses notable occurrences in the product range during the period.

### 3 Interest and prizes

	Note	2022-23 £000	2021-22 £000
Total interest and prizes earned in year	2	(5,481,557)	(2,531,674)
Add accrued interest and prizes opening balance		(1,030,666)	(462,091)
Less interest capitalised in year		2,603,432	840,725
Less interest and prizes paid in year		2,350,085	1,123,060
Add movements in out-of-date warrants and outstanding prizes in year		(20,296)	(686)
<b>Accrued interest and prizes at 31 March</b>	<b>6</b>	<b>(1,579,002)</b>	<b>(1,030,666)</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	2022-23 £000	2021-22 £000
Balance at 1 April		205,234,767	200,384,216
Interest and prizes financed by the NLF		5,481,557	2,531,674
Received from the NLF	8	(48,031,385)	(41,953,983)
Paid to the NLF	8	52,728,463	44,272,860
<b>Balance at 31 March</b>		<b>215,413,402</b>	<b>205,234,767</b>

The amount held by the NLF includes interest and prizes accrued in 2022-23 of £1,451,432,000 (2021-22: £923,392,000).

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

	2023 £000	2022 £000
Agents	340,279	346,962
Other receivables	267	393
<b>Total</b>	<b>340,546</b>	<b>347,355</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 2023
			£000
<b>Current liabilities</b>			
Children's Bonds	6,420	40	6,460
Direct Saver	31,513,952	-	31,513,952
Guaranteed Bonds	9,967,756	31,601	9,999,357
Income Bonds	19,936,022	59,455	19,995,477
Individual Savings Account	4,414,212	50,560	4,464,772
Investment Account	2,280,502	3,399	2,283,901
Junior Individual Savings Account	329,940	6,710	336,650
Premium Bonds	122,827,469	439,169	123,266,638
Residual Account	684,051	5,240	689,291
Savings Certificates	21,522,473	968,401	22,490,874
<b>Total current liabilities</b>	<b>213,482,797</b>	<b>1,564,575</b>	<b>215,047,372</b>
<b>Non-current liabilities</b>			
Guaranteed Bonds	2,283,667	8,303	2,291,970
Green Savings Bonds	909,586	6,124	915,710
<b>Total non-current liabilities</b>	<b>3,193,253</b>	<b>14,427</b>	<b>3,207,680</b>
<b>Total liability to investors</b>	<b>216,676,050</b>	<b>1,579,002</b>	<b>218,255,052</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 (£1,579,002,000) is accrued interest in respect of the principal liability to investors. Note 4 discloses accrued interest (£1,451,432,000) in respect of balances held by the NLF. The difference

between these amounts is due to outstanding interest liabilities (£127,570,000) 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 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>

## 7 Other payables

	2023 £000	2022 £000
NLF	228	188
Other payables including sales repayments and evidence of identity repayments	16,318	16,502
<b>Total</b>	<b>16,546</b>	<b>16,690</b>

## 8 Movement in net funds held by the NLF

	2022-23 £000	2021-22 £000
Received from the NLF	48,031,385	41,953,983
Paid to the NLF	(52,728,463)	(44,272,860)
Net inflow to the NLF	(4,697,078)	(2,318,877)
Interest and prizes payable to investors	(5,481,557)	(2,531,674)
<b>Increase in net funds held by the NLF</b>	<b>(10,178,635)</b>	<b>(4,850,551)</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

	2023 £000	2022 £000
<b>Balance at 1 April</b>	2,061,775	2,131,461
Net change in cash and cash equivalent balances	455,875	(69,686)
<b>Balance at 31 March</b>	<b>2,517,650</b>	<b>2,061,775</b>

All balances were held by the Exchequer. No cash balances were held with commercial banks.

## 10 Categorisation of financial assets and liabilities

	2023 £000	2022 £000
<b>Assets</b>		
Financial assets measured at amortised cost	215,753,948	205,582,122
Cash and cash equivalents	2,517,650	2,061,775
<b>Total</b>	<b>218,271,598</b>	<b>207,643,897</b>
<b>Liabilities</b>		
Current financial liabilities measured at amortised cost	(215,063,918)	(201,902,332)
Non-current financial liabilities measured at amortised cost	(3,207,680)	(5,741,565)
<b>Total</b>	<b>(218,271,598)</b>	<b>(207,643,897)</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:

	2023 Variable rate, prize-based and index-linked products £000	2023 Fixed rate products £000	2023 Non-interest bearing products £000	2023 Total £000
Maturing in one year or less or repayable on demand	202,742,921	12,252,450	52,001	215,047,372
Maturing in more than one year but not more than two years	-	1,372,166	-	1,372,166
Maturing in more than two years but not more than five years	-	1,835,514	-	1,835,514
<b>Total</b>	<b>202,742,921</b>	<b>15,460,130</b>	<b>52,001</b>	<b>218,255,052</b>

**12(b) Prior year**

	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>

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**

	2023 Total per accounts £000	2023 Fair value £000
<b>Assets</b>		
Held by the NLF	215,413,402	214,970,452
Other receivables	340,546	340,546
Cash and cash equivalents	2,517,650	2,517,650
<b>Total</b>	<b>218,271,598</b>	<b>217,828,648</b>
<b>Liabilities</b>		
Fixed rate products	(15,460,130)	(15,017,180)
Variable rate products	(202,742,921)	(202,742,921)
Non-interest bearing products	(52,001)	(52,001)
Other payables	(16,546)	(16,546)
<b>Total</b>	<b>(218,271,598)</b>	<b>(217,828,648)</b>

## 13(b) Prior 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>

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 2023 £000	Level 2 2023 £000	Total 2023 £000
<b>Assets</b>			
Held by the NLF – fixed rate products	–	14,700,025	14,700,025
Held by the NLF – variable rate products	–	200,095,829	200,095,829
Other assets <sup>(1)</sup>	3,032,794	–	3,032,794
	<b>3,032,794</b>	<b>214,795,854</b>	<b>217,828,648</b>
<b>Liabilities</b>			
Liability to investors – fixed rate products	–	(15,017,180)	(15,017,180)
Liability to investors – variable rate products	–	(202,742,921)	(202,742,921)
Other liabilities <sup>(2)</sup>	–	(68,547)	(68,547)
	–	<b>(217,828,648)</b>	<b>(217,828,648)</b>

**14(b) Prior 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>

(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 102 and 103. 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 101 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

# 04

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## Departmental report information

The 2022–23 Departmental report information shown in the tables on the following pages is not consistent with the information shown in the 2022–23 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 listed below:

- 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	Outturn 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	166,079	250,753	211,564
<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>166,079</b>	<b>250,753</b>	<b>211,564</b>
<i>of which:</i>								
Pay	12,987	14,717	15,278	15,101	14,716	16,793	18,410	18,580
Net current procurement <sup>(4)</sup>	106,914	111,838	102,960	146,486	140,909	147,716	227,977	188,618
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-
Current grants to local government	-	-	-	-	-	-	-	-
Depreciation <sup>(2)</sup>	758	280	256	221	185	1,050	3,846	3,846
Other	450	450	450	450	450	520	520	520
<b>Resource AME</b>								
Section B: Administration	(739)	(58)	451	-	-	-	700	700
<b>Total resource AME</b>	<b>(739)</b>	<b>(58)</b>	<b>451</b>	<b>-</b>	<b>-</b>	<b>-</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
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>166,079</b>	<b>251,453</b>	<b>212,264</b>
<i>of which:</i>								
Depreciation	19	222	707	221	185	1,050	4,546	4,546

(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	Outturn 2022-23 £000	Plans 2023-24 £000	Plans 2024-25 £000
<b>Capital DEL</b>								
Section A: Administration	-	-	-	16	58	11,454	9,460	10,560
<b>Total capital DEL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>58</b>	<b>11,454</b>	<b>9,460</b>	<b>10,560</b>
<i>of which:</i>								
Net capital procurement <sup>(4)</sup>	-	-	-	16	58	11100	9,460	10,560
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	354	-	-
Other <sup>(6)</sup>	-	-	-	-	-	-	-	-
<b>Capital AME</b>								
<b>Total capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>	-	-	-	-	-	-	-	-
<b>Total capital budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>58</b>	<b>11,454</b>	<b>9,460</b>	<b>10,560</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>176,483</b>	<b>256,367</b>	<b>218,278</b>
<i>of which:</i>								
Total DEL	121,090	127,063	118,237	162,053	156,133	176,483	255,667	217,578
Total AME	(739)	(58)	451	-	-	-	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	281,586	-	281,586	(80,000)	201,586	(25,010)	-	(25,010)	176,576	166,079	10,497
Spending in AME	700	-	700	-	700	6,000	-	6,000	6,700	-	6,700
<b>Total</b>	<b>282,286</b>	<b>-</b>	<b>282,286</b>	<b>(80,000)</b>	<b>202,286</b>	<b>(19,010)</b>	<b>-</b>	<b>(19,010)</b>	<b>183,276</b>	<b>166,079</b>	<b>17,197</b>

Capital	Capital total £000	Change in gross provision £000	Change in A in A £000	Change in net provision £000	Final provision £000	Final outturn £000	Differences £000				
								Spending in DEL	-	-	-
Spending in AME	-	-	-	-	1,300	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,918</b>	<b>8,500</b>	<b>-</b>	<b>8,500</b>	<b>28,118</b>	<b>11,454</b>	<b>16,664</b>

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	Outturn 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	66,314	68,000	70,000
<b>Property, plant and equipment</b>	10,035	9,426	6,715	3,204	2,623	7,533	20,511	22,038
<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	994	2,000	4,000
Plant and machinery	799	692	615	401	358	314	400	517
Furniture and fittings	1,872	2,869	2,307	1,774	1,181	1,040	1,000	1,521
Right-of-use assets	-	-	-	-	-	5,185	17,111	16,000
Assets under construction	-	-	-	-	-	-	-	-
Other receivables	3,091	-	-	-	-	-	-	-
<b>Current assets</b>	24,099	77,755	49,263	76,015	99,531	110,672	60,000	44,887
Creditors <1 year	(37,917)	(93,868)	(69,437)	(93,261)	(124,067)	(143,572)	(100,000)	(90,000)
Provisions <1 year	-	-	-	-	-	-	-	-
Creditors >1 year	(21,095)	(15,598)	(9,129)	(4,456)	(3,530)	(7,115)	(14,000)	(13,000)
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>33,832</b>	<b>34,511</b>	<b>33,925</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	Outturn 2022-23 £000	Plans 2023-24 £000	Plans 2024-25 £000
Section A: Administration	121,109	127,285	118,944	162,258	156,260	166,079	250,753	211,564
<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>166,079</b>	<b>250,753</b>	<b>211,564</b>
<i>of which:</i>								
Pay	12,987	14,717	15,278	15,101	14,425	15,694	18,410	18,580
Expenditure	163,891	173,947	160,340	197,470	194,939	218,344	312,343	272,984
Income	(55,769)	(61,379)	(56,674)	(50,313)	(53,104)	(67,959)	(80,000)	(80,000)

Table 5: NS&amp;I staff numbers

Staff numbers at:	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	1 April 2023
Permanent	184	191	210	202	198	203	211
Others	3	9	2	4	3	3	7
<b>Total</b>	<b>187</b>	<b>200</b>	<b>212</b>	<b>206</b>	<b>201</b>	<b>206</b>	<b>218</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	Outturn 2022-23 £000
Consultancy services	-	-	-	3,723	6,118	10,241
Professional services	2,180	1,796	1,934	2,252	6,444	13,918
Contract staff	456	742	234	252	329	1,099
Other services	1,304	1,409	1,051	1,312	1,241	1,133
<b>Total</b>	<b>3,940</b>	<b>3,947</b>	<b>3,219</b>	<b>7,539</b>	<b>14,132</b>	<b>26,391</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 to 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 170,000 customers with a total of £2.3 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 Resource Departmental Expenditure Limit (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 to support people buying 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 contributes, 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.

**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 be in either 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 by varying the way in which provision is allocated. They are normally presented in January of each year.

**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.

**Transformation 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. The programme will reduce risk to NS&I, provide a more effective service to customers, and reduce the cost of our operations to the taxpayer.

**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 for 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)

**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://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 8am to 8pm Monday to Friday and from 8am to 6pm Saturday and Sunday (closed on bank holidays).

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 2022–23 Annual Report and Accounts.



