



# **NS&I Annual Report and Accounts and Product Accounts 2023–24**



**National Savings and Investments  
Annual Report and Accounts and Product Accounts 2023–24**

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.

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This is part of a series of departmental publications which, along with the Main Estimates 2024–25 and the document Public Expenditure: Statistical Analyses 2024, present the Government’s outturn for 2023–24 and planned expenditure for 2024–25.



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# 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 £230 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 8 to 9

Chief Executive's overview, pages 10 to 15

Our performance in 2023–24, pages 16 to 17

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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 and Accounts and Product Accounts 2023–24

**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 people with disabilities. It defines three levels of conformance: Level A, Level AA, and Level AAA. The NS&I Annual Report and Accounts and Product Accounts 2023–24 is partially conformant with WCAG 2.2 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 and Accounts and Product Accounts 2023–24, 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 and Accounts and Product Accounts 2023–24:

- 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 only portrayed 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

163 years NS&I launched in 1861

## Our vision

NS&I's vision is to inspire a stronger savings culture by being the most trusted UK savings provider. Giving everyone the opportunity to save confidently.

## Our purpose

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

## 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 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.

# Chair's statement

**2023–24 saw NS&I deliver for government and for savers, and start the transition to our new, multi-supplier business model. We made another significant contribution to the Government's financing requirements; paid out a record value and number of Premium Bonds prizes; and made progress in our transformation programme.**

The UK savings market remained fast-moving over the last year, with the first five months dominated by successive rises in the Bank of England base rate. NS&I responded to this with interest rate increases across our product range, recognising that, when base rate rises, savings providers should act swiftly to pass these increases on to their customers.

We increased the prize fund rate for Premium Bonds three times during the year, eventually reaching 4.65% – its highest level for 24 years – and improved the odds to their best level since 2008. Despite this and other rate increases across our other products, in August 2023, we were still underperforming against our Net Financing target. We successfully closed the gap by launching new 1-year Issues of Guaranteed Growth Bonds and Guaranteed Income Bonds, which were extremely popular with our customers.

Following the pause in base rate increases from September 2023, interest rates increases began to slow and we saw some decreases in the fixed-rate savings market. We responded by decreasing the prize fund rate for Premium Bonds to ensure we maintained our operating framework to balance the interests of savers, taxpayers and broader market stability; and to manage Net Financing.

The ongoing dynamism of the savings market, as competitors adapted to anticipated falls in the base rate, and changing customer behaviour, meant that accurate

forecasting of inflows and outflows remained challenging throughout the year.

We were on track to meet our Net Financing target in December; however, repayments in January and February, while still substantial, did not materialise to the levels we anticipated based on the preceding months. Although we successfully delivered another significant contribution to the Government's financing requirements, we ended the year at £11.3 billion, above our target of £7.5 billion, in a range of £4.5 billion to £10.5 billion.

While we are proud of our essential Net Financing contribution and our support for savers through responsive interest rate increases, it is disappointing that we missed our target and ended the year outside the range. Similarly, we were disappointed to miss our customer satisfaction target for the year. We recorded 74.15% against a target of at least 80%. Our operational performance remains strong, but a material shift in customer satisfaction will come with the implementation of our transformation programme, which will deliver better and more consistent customer experiences and outcomes.

NS&I's transformation programme will see us move from a single outsource partner to a multi-supplier model, creating a modern, accessible and sustainable business. Crucially, it will deliver both an improved digital experience for customers and full support for those who are





vulnerable and digitally excluded. It will also increase our operational resilience, enabling NS&I to embrace the opportunities of the future, and, ultimately, to continue to raise funding for the Government to support vital public services.

In December, we announced our new strategic partners to deliver our transformed business: IBM, Sopra Steria and Atos. Although we have made progress, we have faced some headwinds as we seek to unpick our 25-year-old single supplier model. Dax Harkins explores this in more detail in his Chief Executive's overview.

This is my final Chair's statement, after having the privilege and pleasure to serve NS&I for eight years, in both this capacity and as a Non-executive Director. During this time, NS&I has grown its total stock from £135 billion to more than £230 billion.

I would like to thank my colleagues on the NS&I board, our partners at Atos and our new partners, IBM and Sopra Steria, colleagues at HM Treasury and the many people across NS&I who work tirelessly to serve our customers and the taxpayer with care and dedication. Jill Lucas is also stepping down from NS&I's board

this year. I would like to particularly thank her for all she has done for NS&I over the last five years.

I would like to extend a warm welcome to Gerard Lemos CMG CBE, my successor as Chair, and Luke Jensen and Melanie Moreland, who join as new Non-executive Directors. They join an organisation which has a clear vision for the future and is well-progressed on the journey to it.

NS&I is truly a national institution. It is held in great affection by its customers and is a cornerstone of the Government's debt management arrangements. It is an organisation delivering funding to pay for the nation's essential public services and savings products to help our customers plan for their future confidently and securely. I look forward with great interest to following the next stage in NS&I's exciting journey to become the UK's most trusted savings provider.



**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 39 to 51.

# Chief Executive's overview

**After my first full year as Chief Executive, I'm proud to be able to report that NS&I has delivered across a range of activities. We have raised cost-effective financing for Government; remained a compelling choice for savers looking for simple, accessible and secure savings products; and begun the transformation programme that will modernise our business. I'm particularly pleased that we have done all this while growing our employee engagement.**

## Delivering Net Financing

Our core purpose is to raise Net Financing for the Government. This has been no easy task this year with the savings market moving at a rapid pace. The succession of base rate increases that defined 2022–23 continued into the first half of 2023–24.

We worked hard to ensure we did the right thing and acted quickly to pass base rate increases onto our customers, while also ensuring that we met our operating framework – balancing our savers' interests with those of taxpayers and broader market stability. As always, our competitors were able to follow our progress via our quarterly results updates, which set out how we were progressing against our Net Financing target of £7.5 billion (in a range of £4.5 billion to £10.5 billion).

Competition for savers' deposits was fierce. Consequently, accurately forecasting inflows and outflows was more difficult as consumers adapted to this new, more competitive environment alongside external cost-of-living pressures. By the summer, we were significantly behind our Net Financing target – despite successive rate increases to our variable and fixed products.

In response, we launched new 1-year Issues of our popular Guaranteed Growth Bonds and Guaranteed Income Bonds. This enabled us to get back on track to meet our

funding target and meant we had certainty on how long these funds would remain with us so we and competitors could plan accordingly. I'm pleased that more than 220,000 savers were able to invest over £10 billion in these products.

These funds helped ensure that, by December, we were on course to meet our Net Financing target. However, repayments to customers in January and February did not materialise to the levels expected based on the experience over the previous months, and a Premium Bonds rate decrease did not contribute to a lowering of our Net Financing total as much as we had anticipated. Consequently, our year-end position was £11.3 billion, £0.8 billion outside our target range.

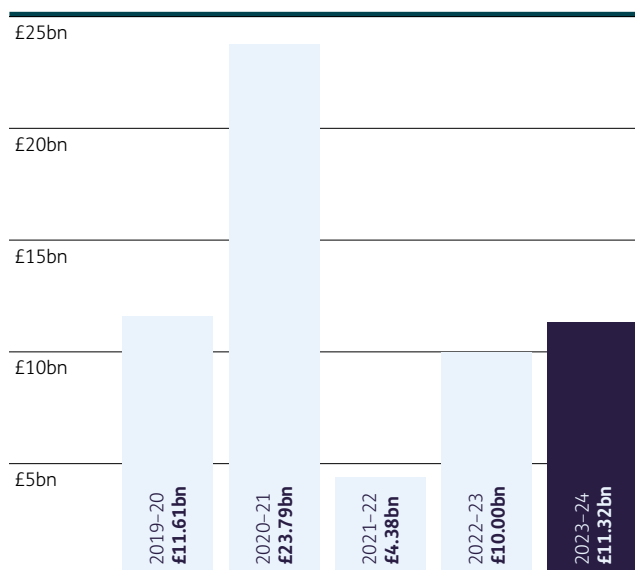
## Delivering efficiently

Although we overshot our Net Financing target, this funding was raised in a cost-effective way. The Value Indicator measure, which compares the cost of raising funding through NS&I against doing so via gilts, showed it was £663 million cheaper to do this via NS&I at year-end.

We were also pleased to continue our record of successively meeting 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 just 6.6p, compared with 6.7p in 2022–23.



## Net Financing



### Our 2024–25 Net Financing target

For 2024–25, our Net Financing target has been set at £9 billion (+/- £4 billion), a 20% increase from the previous year. The target is a strong endorsement of the role NS&I plays in supporting the funding of vital public services. The increase in the range (from £3 billion to £4 billion) reflects the scale of the total stock we hold. A range of £4 billion represents around 2% of our total stock and gives us the flexibility to adapt to changes in the savings market, which impact how much financing we raise.

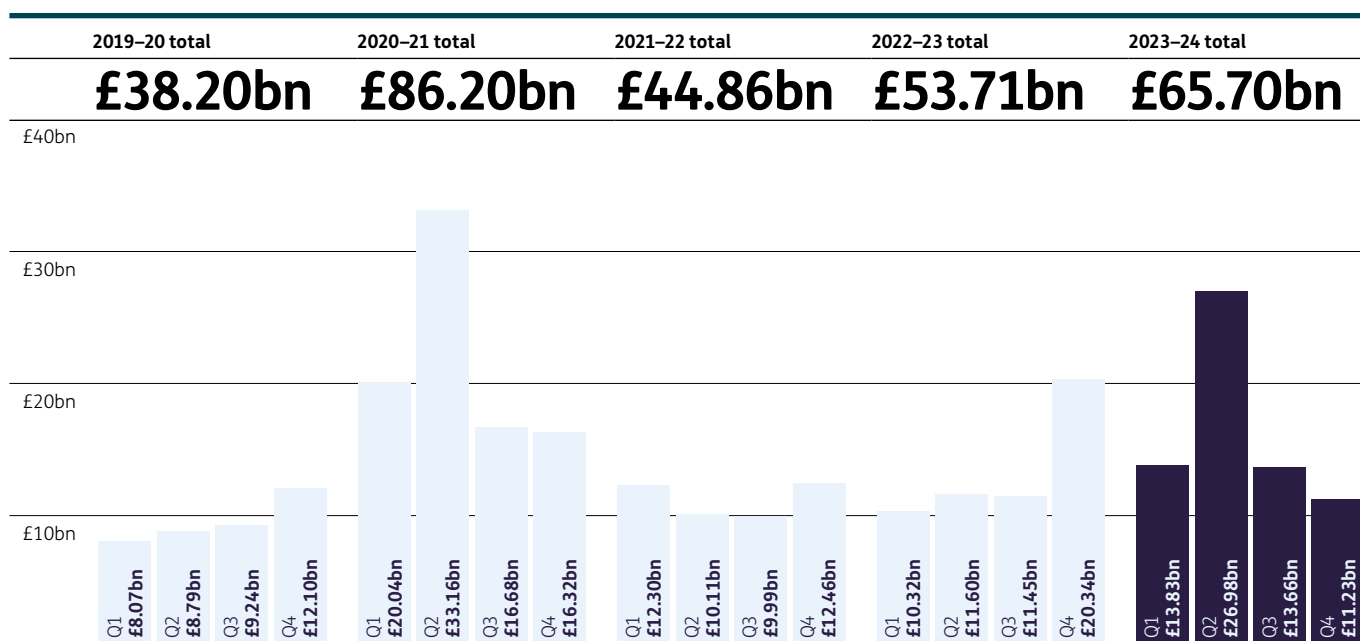
We were asked by the previous Chancellor, in the March 2024 Budget, to launch British Savings Bonds. The 3-year product will help people save for the longer term and support their savings goals, safe in the knowledge that their investments are 100% protected by the UK government. It launched successfully in April 2024.

### £1.9 billion invested in Green Savings Bonds

I'm pleased that deposits into Green Savings Bonds reached £1.9 billion this year. Funding raised via the 48,000 customers who have chosen

to invest in this product (which sits outside of our Net Financing target) helps finance spending projects designed to tackle climate change, make the UK greener and support the transition to Net Zero. You can read more about the projects chosen by the previous Government as part of its Green Financing Framework, which includes clean transport and renewable energy at [www.gov.uk/government/publications/uk-government-green-financing](http://www.gov.uk/government/publications/uk-government-green-financing)

### Gross inflows to NS&I (£bn)



### Pay by bank account

In May 2023, we introduced a new payment method for our customers: Pay by bank account. It is a quick, easy and secure way for customers who use online banking or a banking app to transfer funds to NS&I by connecting directly to their bank. Crucially, it provides a real saving to the taxpayer as it means we can decrease the use of more costly debit card payments. Typically, a transaction using Pay by bank account or a manual bank transfer costs a fraction of the price of a transaction using a debit card. We have already taken more than one million payments worth over £5 billion via Pay by bank account.

### Customer satisfaction and complaints

Despite these achievements, I am still disappointed that we missed our target for customer satisfaction, with a performance of 74.15%, against a target of at least 80%. This compares with a customer satisfaction figure of 74.56% last year.

We know that, while the majority of our many millions of interactions with customers each year are smooth, there are still some processes where we need to make improvements to meet the standards our customers expect. We are resolute in our determination to improve our customer satisfaction scores and – as I discuss below – our transformation programme will enable us to do this.

From 2024–25, we are switching to a 'relational' satisfaction measure. This will provide us with a more holistic view reflective of the whole customer base so that we are

accurately reflecting best practice measures more aligned with those used by our competitors. It also supports the previous government's 'Great' Target, which sets standards on expected thresholds that government services must meet.

When customers are unhappy with our resolution of their complaint, they have the option to take their case to the Financial Ombudsman Service (FOS) for an independent review. We work hard to resolve complaints to a customer's satisfaction before this stage. This year, FOS upheld 0.54% of complaints raised by customers against NS&I, against a target of less than 0.84% for the year. This compares with a performance figure of 1.04% last year, against a target of less than 1.6%.

### Consumer Duty

NS&I continues to operate under voluntary compliance with the relevant parts of the Financial Conduct Authority's Consumer Duty requirements, and we are now working through the requirements for off-sale products ahead of the July 2024 deadline. Although we offer simple, risk-free savings products, it provides a valuable lens to ensure that customer needs are considered when we make changes.

### Business-to-business (B2B) performance

Through the delivery of payment-processing services to other parts of government, NS&I continues to support a range of government services, including Help to Save, the Court Funds Office, Childcare Choices and the Help to Buy Mortgage Guarantee Scheme.

## Highlights



# £11.3 billion

Net Financing delivered.



# 6.6p

For every £100 held with NS&I, 6.6p was spent on administration in 2023–24.

### Premium Bonds – a record-breaking year

Premium Bonds are one of the most popular savings products in the UK. In 2023–24, we paid out more than 66 million prizes worth over £5 billion. At the start of each month we see millions of savers checking if ERNIE will be delivering them a prize by visiting our prize checker app and our website.

In April 2024, we marked the 30th anniversary of the introduction of the £1 million jackpot prize, having made 528 Bond holders millionaires in that time, and saw the total value of prizes paid out since 1957 pass £30 billion!

We have again met all key performance indicators across our business-to-business services, meaning that we achieved our Service Delivery Measure.

**Delivering NS&I's transformation programme**

NS&I has played a vital role for savers and government for over 160 years and, in that time, we have evolved as customer expectations have changed and the industry has modernised. Our transformation programme will see the business switch from a single outsource partner to a multi-provider model and will significantly improve customers' experience of NS&I, while also improving our efficiency. The programme will allow NS&I to provide more choice and flexibility for our customers, along with full support for those who are vulnerable or digitally excluded.

In December 2023, we announced that IBM will deliver mobile and online services to our customers and integration services to connect our new multi-supplier model. We also

announced that Sopra Steria will deliver our customer contact centres including all 'back office' operations.

It has been great to commence working with our new partners to transform NS&I. However, modernisation of our systems is a complex process. We are seeking to modernise a 25-year single supplier model and bring together the various components from our new partners, which all need to be connected and aligned.

We also announced, in December last year, that Atos – NS&I's current sole outsource partner – was the preferred bidder to deliver our core banking systems under the new multi-supplier model. Here, progress has been more challenging, with negotiations to finalise the contract protracted. They have taken place at a difficult time for Atos: the company has been going through a period of well-documented corporate restructuring, with Atos targeting finalising the agreement of their financial restructuring plan and obtaining approval from the French court during the summer. Atos

**Highlights**



Pay by bank account has taken more than one million payments, totalling over £5 billion.



In 2023-24, we paid out more than 66 million Premium Bonds prizes worth over £5 billion.

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



plan to implement restructuring during the second half of 2024, with effective completion in early 2025. We are continuing to explore how we can agree a way forward and work with Atos to deliver our modernised banking systems. We aim to resolve the situation with Atos early in 2024–25.

In 2023, we awarded a three-year contract for delivering our B2B services to Sopra Steria – this was to deliver these services while we implement the new multi-supplier model in our retail business. Systems complexity and incumbent dependencies are also affecting this process and we are working with Sopra Steria and Atos to ensure we maintain services to our B2B partners while we work through the challenges.

The more challenges we face in unpicking our complex legacy systems, the more they underline why our decision to move to a multi-supplier model is the right one. It will end our dependency on a single supplier – as we have currently with Atos – and, crucially, it will ensure we have nimble, scalable and flexible systems that can deliver for our customers for many years to come.

### **Our people**

The change to NS&I's operating model requires us to build new capabilities and insource some key functions such as digital, data and technology and service integration. This will ensure we have the specialist skills we need to develop our IT systems and deliver modernisation more efficiently. Similarly, we are growing our commercial and contract management expertise to enable us to effectively manage our new set of multi-suppliers.

Given the pace of change across the organisation, I am particularly pleased that our employee engagement, as measured by the Civil Service People Survey in 2023, improved and put NS&I in the high-performing category in the Civil Service. The success that NS&I has achieved this year is testimony to the

talent, determination and effort of our people. Retaining and building on our high-performing status remains a priority for the coming year.

I was pleased to welcome three new members to NS&I's executive team this year: Andrew Westhead, our new Retail Director; Patrick Briscoe, our new Service Integration & Management and B2B Director; and Andrew Gudgeon OBE, our new Risk Director. All three bring specialist and varied skills that will be vital in the years ahead. We also said thank you and goodbye to Jill Waters, our previous Retail Director, and Paul Henry, our previous Risk Director, who are both embarking on well-earned retirements.

In the Our people chapter we explore the People Survey results in more detail and report on NS&I's diversity performance. Continuing to grow our gender balance and ethnic diversity remains a priority for NS&I.

### **Looking forward to our future**

At board level, we say farewell and many thanks to our Chair, Ed Anderson CBE, who ends his term in June 2024. Ed leaves NS&I with an outstanding record of service and success over a period of eight years with NS&I, and with our gratitude and very best wishes for the future. We also say thank you and send our best wishes to Jill Lucas, who is also stepping down from NS&I's board this year. We welcome Gerard Lemos CMG CBE as our new Chair and very much look forward to working with him on NS&I's next chapter of success. We also welcome Luke Jensen and Melanie Moreland to the board as Non-executive Directors.

I thank all NS&I and Atos colleagues for the significant achievements they have delivered for our customers and for taxpayers in 2023–24 – they should be extremely proud.

NS&I is on a clear path: we are transforming our business to become the most trusted savings provider in the UK. I look forward with optimism

Performance Report  
**Chief Executive's overview**

to the years to come, as NS&I continues to deliver for government, customers and taxpayers.



**Dax Harkins**

**Chief Executive**  
**National Savings and Investments**  
18 July 2024

# Our performance in 2023–24

The table below shows our performance against our Service Delivery Measures (SDMs)<sup>(1)</sup>. We agree these with HM Treasury as part of our corporate planning process and measure our performance in relation to our overall objectives.

Goals and objectives	2022–23	2023–24	2024–25
<b>1. 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> £10.0 billion	<b>Target</b> £7.5 billion (+/- £3 billion)  <b>Performance</b> £11.3 billion ✗	<b>Target</b> £9 billion (+/- £4 billion)
<b>2. 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 84%  <b>Performance</b> 74.56%	<b>Target</b> At least 80%  <b>Performance</b> 74.15% <sup>(3)</sup> ✗	<b>Target</b> At least 80%
<b>3. 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> 95.89%	<b>Target</b> 95%  <b>Performance</b> 97.08% ✓	<b>Target</b> 95%
<b>4. Digital-first<sup>(4)</sup></b> <b>Goals and objectives</b> To increase the number of transactions and customer communications made using digital channels (email, online and secure messaging) compared with the number of transactions and customer communications made using post and telephone <b>Measure</b> Number of digital transactions divided by total number of transactions	<b>Target</b> 85%  <b>Performance</b> 85.03%	<b>Target</b> 87%  <b>Performance</b> 87.69% ✓	<b>Target</b> 87%
<b>5. Efficient administration of funds</b> <b>Goals and objectives</b> To improve the efficiency of administering total funds <b>Measure</b> Ratio of total NS&I administrative costs that are funded by Resource DEL to average funds invested by customers	<b>Target</b> Less than 7.20 basis points  <b>Performance</b> 6.70 basis points	<b>Target</b> Less than 7.20 basis points  <b>Performance</b> 6.62 basis points ✓	<b>Target</b> Less than 7.20 basis points
<b>6. Employee engagement</b> <b>Goals and objectives</b> To fulfil our Inspire & Invest aim of being 'Inspiring and Empowering' <b>Measure</b> Level of employee engagement in the anonymous Civil Service employee survey, independently run and validated by the Cabinet Office	<b>Target</b> NS&I to be a high-performing department for employee engagement  <b>Performance</b> Not met	<b>Target</b> NS&I to be a high-performing department for employee engagement  <b>Performance</b> Met ✓	<b>Target</b> NS&I to be a high-performing department for employee engagement



## Performance Report

# Our performance in 2023–24

(1) From 2023–24, we reduced the number of SDMs from 11 to six to ensure that we focus on key priorities. All 11 of the SDMs in 2022–23 have continued to be tracked and analysed by NS&I.

The previous SDMs were:

- Operational delivery (2022–23 performance: 99.66%, against a target of at least 95%).
- Fraud management (2022–23 performance: 0.00063%, against a target of below 0.001% of average funds invested by customers).
- Financial Ombudsman Service (2022–23 performance: 1.04%, against a target of less than 1.6% of total complaints raised found to be upheld against us by the FOS).
- Gender balance (2022–23 performance: 33.0%, against a target of 50:50 gender balance in CEO/SCS + NS&I bands 1–3, within a range of 40–60%).
- Ethnic diversity (2022–23 performance: 14.29%, against a target of no less than 13% ethnic minority colleagues in CEO/SCS + NS&I bands 1–3).

(2) Customer satisfaction in 2022–23 and 2023–24 was 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. For 2024–25, we are switching to a ‘relational’ satisfaction measure. This will provide us with a more holistic view reflective of the whole customer base so that we are accurately reflecting best practice measures more aligned with our competitors. It also supports the previous government’s ‘Great’ Target, which sets standards on expected thresholds that services must meet. Our new relational satisfaction measure is a long-term step, meaning that it can take time to see changes. Therefore, we will continue to monitor and measure our previous transactional metric outside of the SDM so that we do not lose the shorter-term, actionable view.

(3) Due to a technical issue, the overall customer satisfaction performance figure for 2023–24 includes 11 months’ worth of postal data, instead of 12 months’ worth of postal data.

(4) This SDM articulates NS&I’s drive to develop digital services and reduce paper and non-digital interactions.

# 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 our operational service partners, which include Atos, under a Public Private Partnership contract, IBM and Sopra Steria.**

As in previous years, we stayed within all the spending limits set by Parliament. In 2023–24 we spent £182.7 million (2022–23: £166.1 million), which is £11.4 million (2022–23: £10.5 million) lower than the amount allocated by Parliament in the 2023–24 Supplementary Estimate.

The 2023–24 Main Estimates included additional ring-fenced controls. This meant that the budget (£106.4 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 2023–24 by £15.6 million to £90.8 million, with the revised budgetary requirement for the Programme being re-profiled to future years. NS&I underspent on this ring-fenced budget by £27.0 million.

The table on page 19 provides a more detailed comparison of what we spent this year, compared with the Estimate.

## Financial position

At 31 March 2024, NS&I's total assets less total liabilities were £46.0 million, £12.2 million higher than at 31 March 2023.

Non-current assets increased by £9.1 million from £73.8 million to £82.9 million. Furthermore, more than £28.6 million was added to non-current assets supporting the development of NS&I's future operating model. Total liabilities, excluding client funds, decreased by £7 million. Part of the decrease was through lower accrued liabilities, decreased amount owing to the Consolidated Fund and decreased IFRS 16 lease 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 2023–24, we paid 97.0% (2022–23: 98.7%) of bills within this standard.

Details of all expenditure over £25,000 can be found on our website along with a list of all contracts with a value of more than £75,000, in line with government guidelines.

### Spending Review

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 those for the delivery of our transformation programme. The outcome of Spending Review 2021 was that HM Treasury agreed to provide NS&I with the resources to not only manage our operations effectively, but also to complete our planned strategic transformation to a self-service digital business that is able to respond to government, customer and wider market needs, with greater efficiency.

NS&I has continued to work closely with HM Treasury as we deliver our transformation programme.

**i For more details, see the full Statement of financial position on page 81.**

## 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 Public Private Partnership 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 Statement of Parliamentary Supply (SoPS) note	Outturn £000	Estimate £000	Variance £000	Explanation
Net Resource DEL	SoPS1.1	182,740	194,093	11,353	See table below
Capital DEL	SoPS1.2	29,030	66,016	36,986	Lease agreement that was due to be signed during the year was delayed
Resource AME	SoPS1.1	-	700	700	No revaluation losses or requirement for provisions
Capital AME		-	-	-	Lease agreement not signed so no requirement for CAME

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

	2023-24 Outturn £m	2023-24 Variance compared with Estimate £m	2022-23 Outturn £m	2022-23 Variance compared with Estimate £m
Net resource requirement	182.7	11.4	166.1	10.5
<i>of which:</i>				
Departmental Expenditure Limit (DEL) <sup>(2)</sup>	182.7	11.4	166.1	10.5
Annually Managed Expenditure (AME) <sup>(2)</sup>	0.0	0.7	0.0	6.7
Non-budget adjustments <sup>(3)</sup>	19.1	(19.1)	9.0	(9.0)
<b>Net operating cost (Accounts)</b>	<b>201.8</b>	<b>(7.0)</b>	<b>175.1</b>	<b>8.2</b>
Capital expenditure (CDEL)	29.0	37.0	11.5	16.6
Non-budget adjustments <sup>(3)</sup>	0.1	(0.1)	8.4	(8.4)
<b>Total capital expenditure (Accounts)</b>	<b>29.1</b>	<b>36.9</b>	<b>19.9</b>	<b>8.2</b>
<b>Net cash requirement</b>	<b>212.0</b>	<b>47.8</b>	<b>169.1</b>	<b>24.6</b>

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

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

(2) See the Glossary on pages 122 to 124 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>**

	2023–24 £m	2023–24 £m
Lower depreciation costs	2.5	
Lower staff costs	0.8	
Higher income	1.9	
Lower programme costs	5.1	
Other differences	1.1	
<b>Total DEL underspend</b>		<b>11.4</b>
Lower requirements for provisions	0.7	
<b>Total AME underspend</b>		<b>0.7</b>
<b>Total underspend against Estimate</b>		<b>12.1</b>

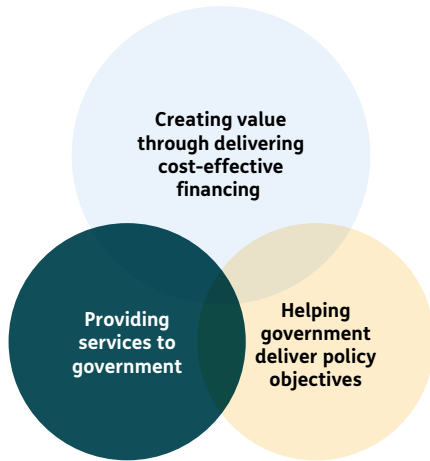
(1) Figures are presented here to the nearest £0.1 million. Note: SoPS1.1 on page 67 provides figures to the nearest £1,000.



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
 18 July 2024

# Our strategy

Our corporate strategy Inspire & Invest, is designed to help us deliver our purpose.



## Inspire & Invest

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. Our Inspire & Invest strategy is underpinned by three cross-cutting strategic objectives for 2023–25, which have been aligned to those of the transformation programme – making it clearer for stakeholders to understand NS&I’s strategic direction.

### Building a self-service digital business

Our customers are at the heart of our business. We are building a self-service digital experience with support for vulnerable and excluded customers.

### Increasing efficiency

We work in partnership with our suppliers and partners to deliver improved effectiveness and efficiencies in the running of our business.

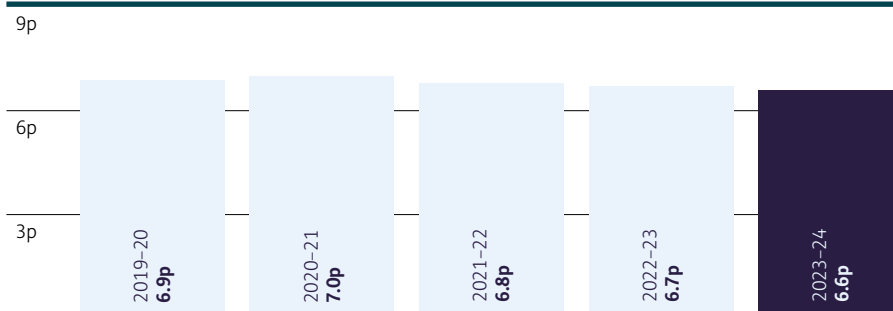
### Building a nimble, scalable and flexible business

We are transforming our business to move from a single outsource supplier to a multi-supplier model. This will ensure that we have a strong, resilient infrastructure and a flexible and scalable operation that can continue to serve savers and the Government for generations to come.

The strategic objectives set out above will be delivered in our 2024–25 annual corporate plan by NS&I focusing on the following four ExCo priorities:

- Deliver our core remit, meet our service delivery measures and seek opportunities for continuous improvement
- Making NS&I a great place to work, together aspiring to do more
- Deliver a compelling and inclusive customer offer, to improve overall customer experience and inspire trust
- 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

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



(1) For every £100 of stock held, the administration cost was 6.6p.

## 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 22,000 savers with over £109 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 2023–24, the total amount of unclaimed assets was £4,105 million, compared with £4,255 million worth of unclaimed assets in 2022–23.

### Unclaimed assets

£m	Unclaimed assets 2022–23	Unclaimed assets 2023–24 <sup>(5)</sup>
Accounts	693	781
Certificates <sup>(1)</sup>	2,827	2,600
Income Bonds <sup>(2)</sup>	18	22
Unclaimed Premium Bonds prizes <sup>(3)</sup>	29	31
Residual Account <sup>(4)</sup>	689	672
<b>Total</b>	<b>4,255</b>	<b>4,105</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. The criteria used for Certificates this year has changed to: those accounts with a start date of at least 11 years ago and there being no customer-instigated reinvestment into the current holding. The change in criteria was necessary due to a previous reporting system being decommissioned and a change in the amount of historic data retained.

(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 99 to 114 of this report.

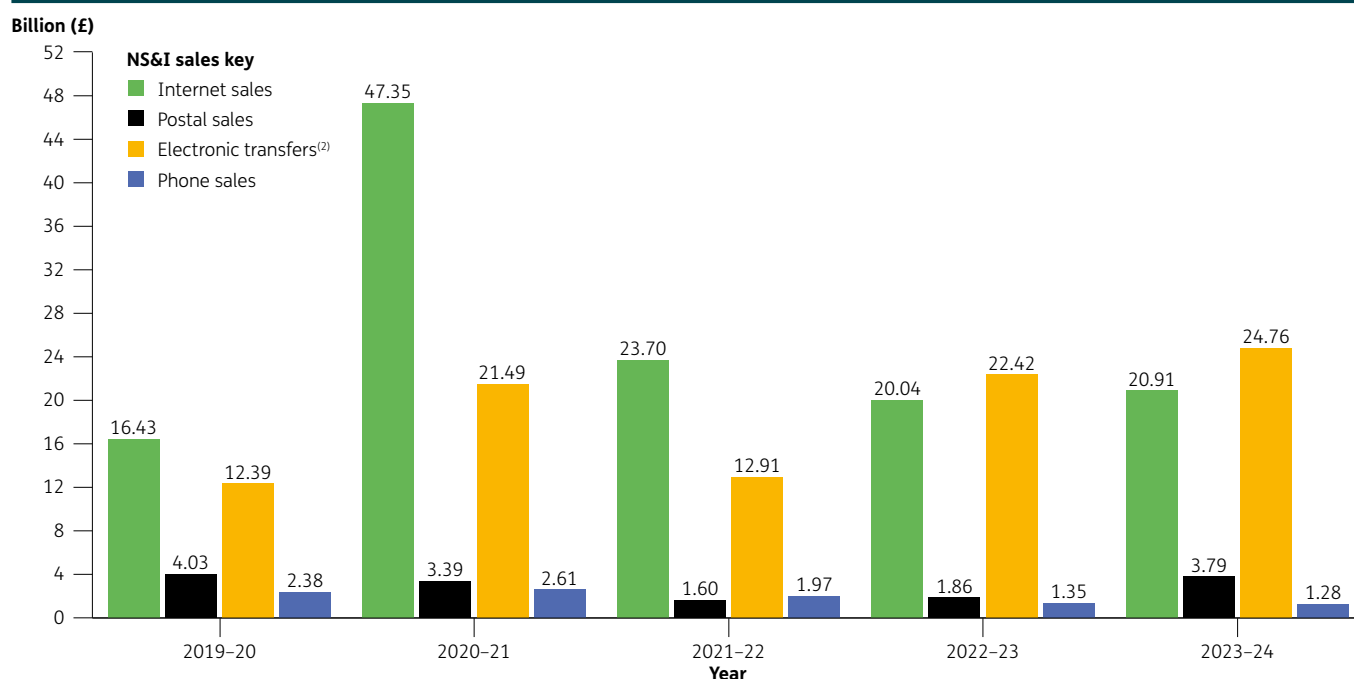
(5) Numbers do not add up due to rounding.

## Our product range

	Status	Tax-free	Fixed-rate	Monthly income	Manage online and by phone	Manage by post	Annual statement
British Savings Bonds Guaranteed Growth Bonds (purchase online only)	On sale		●		●	●	●
British Savings Bonds Guaranteed Income Bonds (purchase online only)	On sale		●	●	●	●	●
Direct ISA	On sale	●			●		●
Direct Saver	On sale				●		●
Fixed Interest Savings Certificates <sup>(1)</sup>	Not currently on sale	●	●		●	●	●
Guaranteed Growth Bonds <sup>(1)</sup> (purchase online only)	Not currently on sale		●		●	●	●
Guaranteed Income Bonds <sup>(1)</sup> (purchase online only)	Not currently 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 is underpinned by dedicated and talented people and in return we are committed to making it a great place to work. This relationship is key to delivering our transformation programme and making NS&I the most trusted savings provider in the UK.**

## Employee engagement

This year, we are very pleased to have achieved our employee engagement SDM as measured by the Civil Service People Survey in 2023.

Our overall Employee Engagement Index score improved year-on-year, meaning that NS&I is now a high-performing department for employee engagement. The overall Employee Engagement Index is made up of ratings across five key areas – proud, recommendation, inspires, motivates, and personal attachment. Ratings across all five of these areas have improved year-on-year and all have performed above the Civil Service benchmark. The aspect of engagement with the highest year-on-year uplift is agreement with the statement, “My organisation inspires me to do the best in my job”, which has increased from 57% to 66% this year. Across the rest of the survey, we have also seen strong improvements in ratings for ‘Learning and Development’ (up from 60% to 67%) and ‘Pay and Benefits’ (up from 32% to 41%).

These strong results are testament to the focus we have given to working alongside colleagues to develop and implement our people strategy, focusing on recruiting and retaining employees; developing, managing and rewarding our people; our workplace and our ways of working; and promoting diversity and inclusion.

## Transformation programme, skills and recruitment

The change to NS&I’s operating model, from a single-supplier to a multi-supplier model, requires us to

build new capabilities and insource some key functions such as digital, data and technology and service integration, as well as expanding areas such as commercial/ contract management.

These changes form part of our future organisation design and were built into our full business case for the transformation programme. We have completed our refreshed organisational design and are beginning the transition to the new operating model. To help us oversee the multi-supplier model, we have plans to increase resource, along with more general upskilling and growing in-house IT resource.

Despite the challenges posed by the combination of an extremely competitive labour market and Civil Service pay limitations, NS&I has been successful in attracting staff, with 41 new starters welcomed during 2023–24.

## Diversity and inclusion

As noted in last year’s Annual Report, in 2023–24 we have removed gender balance and ethnic diversity as SDMs, but retained them as key targets. This is because 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. Taking steps to meet our gender balance and ethnic diversity targets is a priority for NS&I and a key element of our people strategy.

## Highlights



NS&I is now a high-performing department for employee engagement.



## Our people

We were disappointed to again miss our target for gender balance. Our target was a 50:50 balance in senior leadership (CEO and NS&I pay bands 1-3) in a range of 40%-60% but we ended the year at 31%. Last year, the figure was 33.0%. We were also disappointed to miss our target for ethnic diversity this year, where our target was no less than 15.0% ethnic minority colleagues in senior leadership, but we ended the year at 10.87%. Last year, we achieved our target of no less than 13% ethnic minority colleagues in SCS + NS&I bands 1-3, with a figure of 14.29%.

### Head office move and hybrid-working

During 2023-24, our London office was based within a newly formed Government Property Agency hub in Westminster. In the coming year we will be moving to a building which we will share with a number of other public bodies, near Southwark Bridge.

Around 30% of NS&I colleagues are based in Durham, Lytham and Glasgow and we are sourcing

additional space at these locations to accommodate our growing numbers of regional staff. This will enable us to build on the positive hybrid-working environment we have established and increase office attendance up to the 60% model across all of our sites.

### Wellbeing

We have expanded our Wellbeing Group to include a more active focus on diversity and inclusion and renamed it the Wellbeing, Diversity and Inclusion Working Group. The new group works to challenge ways of working and to develop policies and procedures to remove structural issues and encourage a better culture of wellbeing, diversity and inclusion.

2023-24 was the fourth year that NS&I has participated in the Mind Index and we are very proud to have retained our Silver status. The detailed report from Mind identifies areas in which we are performing well and also gives recommendations about how we can improve our approach to

wellbeing in the workplace. Ensuring the wellbeing of our people is a core aim of our People Survey Action Plan and we will review the Index findings and put a plan in place to act on the recommendations to ensure that we continue to create a supportive work environment for all.

### 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 62. We recognise there is currently still a gender pay gap which we are committed to addressing.

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 53.

# Corporate social responsibility

**NS&I is committed to running its business in a way that is financially viable and socially and environmentally responsible. This section of our report covers the five themes of our corporate social responsibility (CSR) strategy, alongside reporting our performance in 2023–24 against the previous government’s Greening Government Commitments (GGCs) and the Task Force on Climate-related Financial Disclosure (TCFD).**

## 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 previous government’s GGCs.

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

## Environmental responsibility

The new GGCs published in October 2021 specified a new baseline year of 2017–18, to be measured and reported against. Since 2017–18, NS&I has achieved a significant reduction on our CO<sub>2</sub>e emissions. Energy emissions have reduced to under 74% of the 2017–18 baseline. Transport emissions are less than 57% of the baseline levels.

NS&I Head Office was one of the first government departments to be accredited with the MATURE SMART WORKING status. SMART Working is the Civil-Service wide quality workplace assessment (PAS 3000) 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.

In October 2022, we moved from Pimlico to a temporary space in Sanctuary Buildings in Westminster. We will now be moving to an office near Southwark Bridge in autumn 2024, occupying a space that is 40% smaller than our previous Pimlico office. We will be setting out the office in London and our regional offices in Durham, Lytham and Glasgow, to be SMART Working (PAS3000) for the modern ‘hybrid-working’ patterns.

Within the previous government’s 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 GGCs, 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.

The procurement process for all the strategic packages of our transformation programme made environmental and social responsibility very strong requirements, and these were aligned to the Greening Government targets and Net Zero by 2050. All of the providers of the new outsource contracts have made robust and detailed commitments to achieving these targets.

We also apply the procurement policy requirements of the previous 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 greenhouse gas 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 26.3% of NS&I's suppliers are certified Living Wage Employers, and a further 13.7% 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.

NS&I and Atos have robust Environmental Management Systems in place. Atos are fully audited on their accreditation and are compliant. NS&I has temporarily suspended its external accreditation as there are significant changes in how we operate with the Government Property Agency and our outsource business model. Once these changes have settled, the Environmental Management System and supporting processes will be updated and reassessed.

### **Responsible customer interaction**

We have maintained our commitment and delivery against the Sustainable Mail™ environmental standards for direct mail. The standards not only cover the materials used in mailings – which should be environmentally friendly and recyclable – but also avoid waste by improving data. By achieving the standards, we are able to carry out mailings at a lower price tariff – creating valuable savings.

### **Employee welfare and wellbeing**

We have expanded our staff Wellbeing Group to include a more active focus on diversity and inclusion and renamed it the Wellbeing, Diversity and Inclusion Working Group. The new colleague-led group works to challenge ways of working and to develop policies and procedures to remove structural issues and encourage a better culture of wellbeing, diversity and inclusion.

2023–24 was the fourth year that NS&I has participated in the Mind Index and we are very proud to have retained our Silver status. The detailed report from Mind identifies areas in which we are performing well and also gives recommendations about how we can improve our approach to wellbeing in the workplace.

### **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.

### **Staff charity update**

For the past few years, across the COVID-19 lockdowns to present, our staff have supported the Vauxhall Foodbank and Trussell Trust. We have collected cash and food donations from our staff through various events. In addition, some of our staff have used a Giving Something Back Day to be a 'donation collector' in local supermarkets. In 2024–25 we will be changing our Staff Charity, and our staff will be involved in selecting the change.

## Performance against the Greening Government Commitments (GGCs)

### Mitigating climate change: working towards Net Zero by 2050

We continue to reduce our overall emissions in line with the GGCs 2021–25. Energy emissions have reduced to under 74% of the 2017–18 baseline. Our domestic flights are more than 60% lower than our baseline year, and overall travel emissions are 57% lower than the 2017–18 baseline year.

### Minimising waste and promoting resource efficiency

Our waste figures for 2023–24 show a slight increase in waste arising compared to the previous year. Our overall recycling performance in 2023–24 was the best we have achieved since before the baseline year, with 94% of our waste being reused or recycled in some way.

### Reducing our water use

Our water consumption in 2023–24 was 66% lower than the 2017–18 baseline year. The baseline year and beyond has not been recording water consumption in Glasgow as this is not sub-metered and is paid as part of an apportionment calculation within an overall service charge.

### Procuring sustainable products and services

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 United Nations' Sustainable Development Goals.

### 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. We are not a landowner, we tenant buildings owned by either the Government or other bodies. As such we do not have a reporting obligation or a direct accountability for this area.

### Adapting to climate change

NS&I has undertaken a review of Climate Change Plans for all the locations where NS&I and our outsource partners operate from in relation to the NS&I business. Our risk assessment has highlighted the potential impact of climate change, and our business continuity plans and environmental targets all support how we will react to it, and also help to reduce the impact of climate change.

### Reducing environmental impacts from ICT and Digital

Our ICT & Digital Services Strategy is an area of work in development and will be incorporated in a refresh of our CSR Strategy.

### TCFD Compliance Statement

NS&I has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector.

NS&I has complied with the TCFD recommendations and recommendations disclosures around:

– Governance – The NS&I Workplace and CSR Sub-Committee has the delegated authority from the Executive Committee to oversee all matters relating to the environment and CSR. An annual CSR report is submitted to the Executive Committee for approval prior to its publication.

Climate-related risks are managed as part of the NS&I Risk Assurance Framework and fall within the Workplace and CSR Risk Register. These risks are under review with the new Environmental, Social and Governance (ESG) strategy being released in 2024–25.

– Risk Management – recommended disclosures (a) to (c). The metrics and targets for environmental performance are fully stated in the annual CSR report, which is available at [nsandi-corporate.com/governance/corporate-and-social-responsibility](https://nsandi-corporate.com/governance/corporate-and-social-responsibility)

– Metrics and Targets – recommended disclosures (a) to (c).

Within the NS&I Annual CSR report we report in greater depth on these compliance assurances.

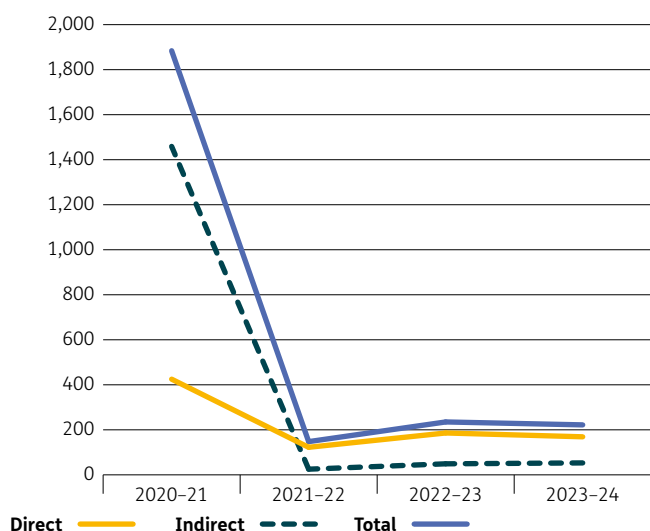
This is in line with the central government's TCFD-aligned disclosure implementation timetable for Phase 2. NS&I plans to provide recommended disclosures for Strategy in future reporting periods in line with the central government implementation timetable.

We continue to iterate our CSR strategy to improve our environmental performance. 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.

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

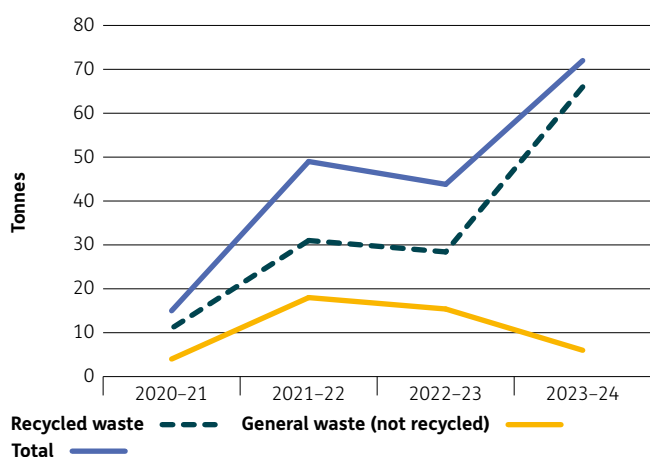


### Total CO<sub>2</sub>e emissions

	2020-21	2021-22	2022-23	2023-24
Direct	425	122.4	186.0	169.0
Indirect	1,459	25.2	49.0	53.0
<b>Total</b>	<b>1,884</b>	<b>147.6</b>	<b>235.0</b>	<b>222.0</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

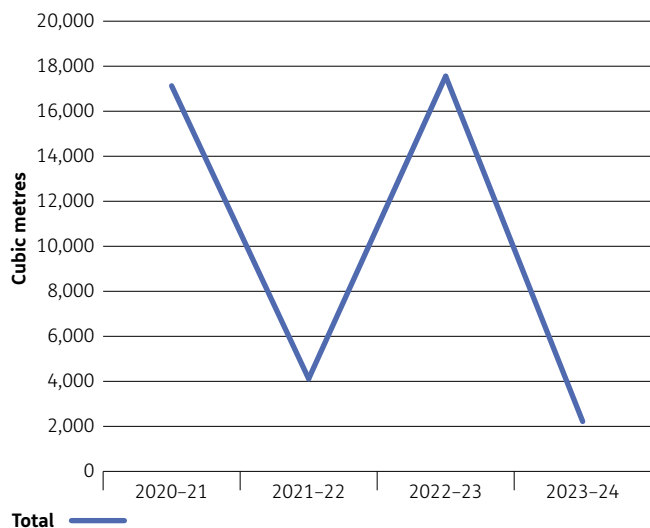


### Waste

	2020-21	2021-22	2022-23	2023-24
Recycled waste	11	31	28.40	66
General waste (not recycled)	4	18	15.40	6
<b>Total</b>	<b>15</b>	<b>49</b>	<b>43.80</b>	<b>72</b>

In 2022-23 the waste data for Lytham was not available; this financial year, that data is included.

### Water consumption

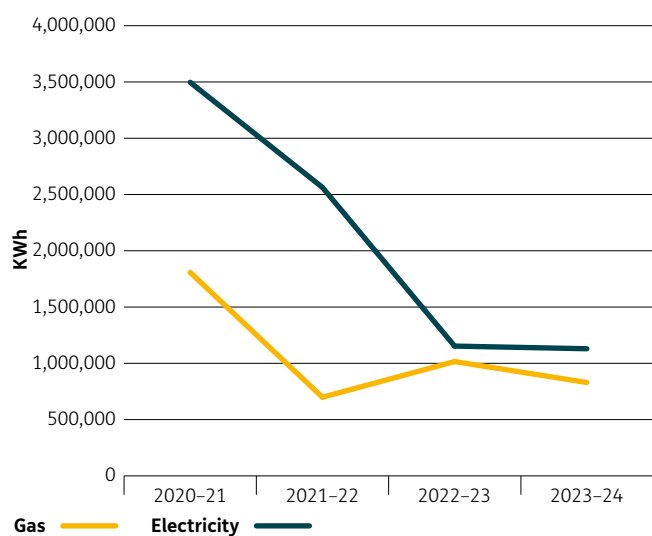


### Water consumption

	2020-21	2021-22	2022-23	2023-24
<b>Total</b>	<b>17,128</b>	<b>4,114</b>	<b>17,555</b>	<b>2,217</b>

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.

### Energy consumption (kWh)

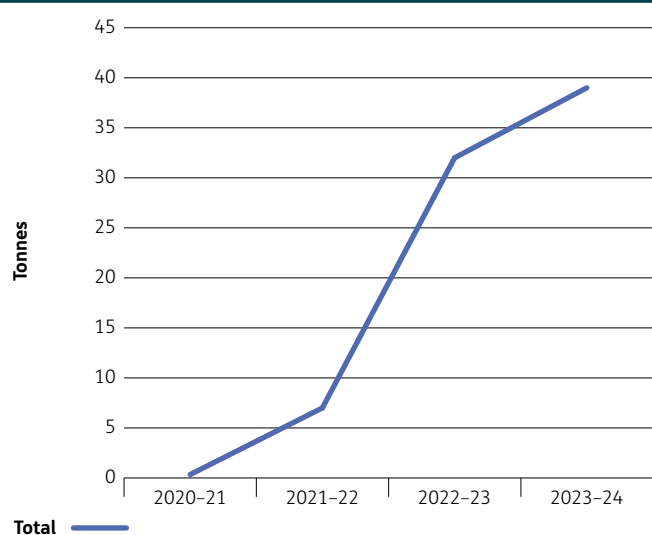


### Energy consumption

	2020-21	2021-22	2022-23	2023-24
Gas	1,808,243	669,111	1,015,798	829,670
Electricity	3,496,997	2,563,613	1,153,210	1,129,669
<b>Total</b>	<b>5,305,240</b>	<b>3,232,724</b>	<b>2,169,008</b>	<b>1,959,339</b>

There is no utility data for Glasgow as the energy is an apportioned rate charged through a service charge with no detailed breakdown.

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



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

	2020-21	2021-22	2022-23	2023-24
<b>Total</b>	<b>0.34</b>	<b>7</b>	<b>32</b>	<b>39</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 coupled with all the work on our transformation programme, resulting in an increase in business travel this year compared to last.

### Waste (four sites) tonnes

Location	2020-21	2021-22	2022-23	2023-24
Lytham	3	4	n/a	56
Durham	2	11	10	5
Glasgow	3	30	27	7
London	6	4	7	3
<b>Total</b>	<b>14</b>	<b>49</b>	<b>44</b>	<b>71</b>

### Water consumption (four sites) cubic metres

Location	2020-21	2021-22	2022-23	2023-24
Lytham	13,058	2,114	15,836	508
Durham	1,259	1,306	1,094	1,422
Glasgow	0	0	0	0
London	0	693	625	289
<b>Total</b>	<b>14,317</b>	<b>4,113</b>	<b>17,555</b>	<b>2,219</b>

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

### Percentage of waste recycled

Location	2020-21	2021-22	2022-23	2023-24
Lytham	75	75	n/a	100
Durham	84	71	71	27
Glasgow	56	54	56	94
London	73	52	52	65
<b>Whole business total</b>	<b>72</b>	<b>63</b>	<b>n/a</b>	<b>93</b>

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

Location	2020-21	2021-22	2022-23	2023-24
Lytham	209	3.22	128	162
Durham	124	113	45	54
Glasgow	0	0	0	0
London	284.0	16.1	29.0	24.0
<b>Total</b>	<b>617.0</b>	<b>132.3</b>	<b>202.0</b>	<b>240.0</b>

Information not available for Glasgow.

Conversion factors for 2023-24 reporting year are taken from the following government document

**Greenhouse gas reporting: conversion factors 2023 - gov.uk ([www.gov.uk](http://www.gov.uk))**

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**

18 July 2024

# 02

## Accountability Report

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# Corporate governance report 2023–24

## Directors' report

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

Ed Anderson CBE served as NS&I's independent non-executive Chair throughout 2023–24.

Dax Harkins was appointed Acting NS&I Chief Executive on 10 March 2023, with the appointment confirmed as substantive from 1 April 2023. The Chief Executive and Accounting Officer of NS&I, in their capacity as the Director of Savings, contracts with third parties in respect of NS&I.

NS&I has an advisory board. On 31 March 2024 this comprised four independent non-executive members, including the Chair, seven executive members, including the Chief Executive, and one representative of HM Treasury. The Chief Executive and non-executive board members, including the Chair, are appointed by HM 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 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 2024 were:

- Ed Anderson CBE, NS&I Chair and member of the Remuneration Committee
- Nina Hingorani-Crain, member of the Audit and Risk Committee and of the Remuneration Committee, Chair of the Remuneration Committee from November 2023
- Jill Lucas, member of the Audit and Risk Committee and of the Remuneration Committee, Chair of the Remuneration Committee until November 2023
- David Woodward, Chair and member of the Audit and Risk Committee and member of the Remuneration Committee

The HM Treasury representative members of the NS&I board during the year to 31 March 2024 were:

- From 1 September 2023: Azin Roussos, member of the Audit and Risk Committee and of the Remuneration Committee
- Until 31 August 2023: Kunal Patel, member of the Audit and Risk Committee and of the Remuneration Committee.

The executive NS&I board members during the year to 31 March 2024 were:

- Dax Harkins, Chief Executive, Accounting Officer and Director of Savings, and member of the Remuneration Committee
- Patrick Briscoe, Service Integration & Management (SIAM) and Business-to-Business (B2B) Director (from 11 December 2023)
- Ruth Curry, People and Finance Director and member of the Remuneration Committee
- Andrew Gudgeon OBE, Risk Director (from 28 December 2023)
- Gareth Headon, Communications and Strategy Director
- Matthew Smith, Chief Operating Officer
- Andrew Westhead, Retail Director (from 1 September 2023)
- Paul Henry, Risk Director (to 9 October 2023)
- David Mason, Acting Risk Director (from 10 October 2023 to 27 December 2023)
- Jill Waters, Retail Director (to 31 August 2023)

On 1 April 2024, after the period to which this report relates but prior to its publication, Gerard Lemos CMG CBE, Luke Jensen and Melanie Moreland were appointed as independent non-executive NS&I board members. Ed Anderson CBE and Jill Lucas left the board on 30 June 2024, and Gerard Lemos CMG CBE succeeded Ed Anderson CBE as Chair of the NS&I board on 1 July 2024.

## Board members during 2023–24

### Non-executive board members



**Ed Anderson CBE**  
**Independent Non-executive Chair**  
**[to 30 June 2024]**

Ed was appointed as a Non-executive Director on 1 February 2016 and was appointed Chair on 1 January 2017. He left the Board on 30 June 2024.

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

He is also a former President, and Chairman, of Leeds Chamber of Commerce and has served on the boards of a number of other public and voluntary sector organisations in Yorkshire.

Ed is an economics graduate and a qualified accountant.



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

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

Nina has had a diverse 25-year career, with high-profile roles in the corporate, public, regulatory and charity sectors. Her executive career has largely been in financial services and includes 10 years advising UK and global financial services organisations, followed by 10 years in senior roles at the UK's financial regulator, including as Chief of Staff and Principal Private Secretary to the Chair of the financial regulator during the global financial crisis.

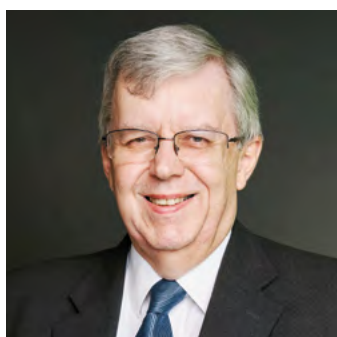
After leading the establishment of the Financial Conduct Authority, since 2015 Nina has focused on a non-executive career. She is a board member of the National Employment Savings Trust Corporation (Nest) and of a London mental and community health NHS Foundation Trust and has previously been a board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



**Jill Lucas**  
**Independent Non-executive Director**  
**[to 30 June 2024]**

Jill was appointed Non-executive Director for a three-year term from February 2019 and reappointed on 1 February 2022. She left the Board on 30 June 2024.

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. In her early career, she undertook many technology leadership roles at Reuters (now Thomson Reuters), Barclays and Sainsbury's. Jill has also been a non-executive director of Curtis Banks plc and Chair of Dunstan Thomas Ltd.



**David Woodward**  
**Independent Non-executive Director**

David was appointed as a Non-executive Director for a three-year term from January 2023.

David commenced his non-executive career in 2008. He has over 10 years of financial services experience and over five years working with community and hospital NHS Trusts. He is an experienced audit committee chair and a former non-executive director of the Hinckley and Rugby Building Society.

David is also a non-executive director of Aspire Housing Limited, a trustee of the charity the Consumers' Association (the parent charity of Which? Limited) and an independent committee member of the Finance and Estates Committee for Trent College.

## Executive board members<sup>1</sup>



### **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 re-tender 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.



### **Patrick Briscoe** SIAM and B2B Director [from 11 December 2023]

Patrick joined NS&I in December 2023 as Service Integration & Management (SIAM) and Business-to-Business (B2B) Director and has over 20 years' experience delivering critical services and operations. Patrick was most recently at the Home Office, where he led various service delivery functions with scope across all the Department's business areas, working with and integrating multiple suppliers in an extremely complex and challenging environment. Prior to joining the Civil Service, the majority of Patrick's career was spent working in similar roles in retail and commercial banking organisations, including NatWest Group, Lloyds Banking Group and Bank of America, as well as a short period with a major B2B travel management company.



### **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 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. Ruth sits on the board of trustees of Richard Watts and the City of Rochester Almshouse Charities.

<sup>1</sup> In addition, David Mason was Acting Risk Director from 10 October 2023 to 27 December 2023.



**Andrew Gudgeon OBE**  
**Risk Director [from 28 December 2023]**

Andrew joined NS&I in December 2023 as the Risk Director. Andrew had a 29-year career in the Royal Air Force during which he held senior leadership positions in the Ministry of Defence, the Cabinet Office, and the US Pentagon. Following retirement from the Royal Air Force he was honoured with an OBE for services to cyber warfare. Andrew entered the financial sector in 2016 first as Head of Operational Risk at Nationwide Building Society and then Head of Enterprise Risk Management and Operational Risk at Zurich Insurance (UK). Andrew recently stood down as a director of Swindon and Wiltshire Local Enterprise Partnership where he led on the delivery of the UK's first Business Cyber Centre, which opened in 2022.



**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. Gareth sits on the board of trustees of the London Welsh Centre.



**Paul Henry**  
**Risk Director [to 9 October 2023]**

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.



**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 in 2022 graduated from the Cabinet Office Major Projects Leadership Academy delivered by Saïd Business School.



**Jill Waters**  
**Retail Director [to 31 August 2023]**

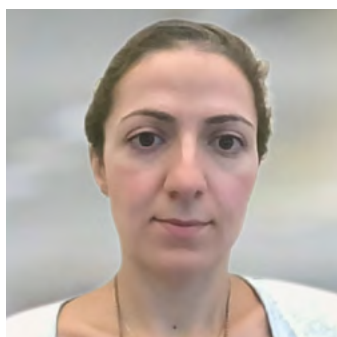
Jill Waters joined the NS&I board as Acting Retail Director in October 2015, before being appointed as Retail Director in March 2018. She joined NS&I in 2001 from Yorkshire Electricity, where she was responsible for the customer and sales strategy for the newly developed privatised consumer utility markets. Prior to that, Jill was an independent financial adviser, following many years at Norwich Union advising on pensions and life insurance.



**Andrew Westhead**  
**Retail Director [from 1 September 2023]**

Andrew joined NS&I as Retail Director in September 2023. He is responsible for a broad remit, focusing on our customers, Net Financing, products, service and brand. He has 18 years of financial services experience within the private sector, most recently working for Nationwide Building Society for 13 years as a Regional Director. Andrew completed his Executive MBA in 2021.

**HM Treasury representative board members**



**Azin Roussos**  
**HM Treasury representative [from 1 September 2023]**

As one of two Deputy Directors for the Debt Management and Reserves team in HM Treasury, Azin re-joined the NS&I board in September 2023 having previously been a member of the board from December 2020 to April 2022. In her Treasury role she has lead responsibility for advising on debt financing through NS&I. Her team is also responsible for wholesale debt financing through the Debt Management Office, managing the UK's foreign currency reserves, coinage policy, and the shareholder relationship with the Bank of England.



**Kunal Patel**  
**HM Treasury representative [to 31 August 2023]**

Kunal was a member of NS&I's board from 19 April 2022 to 31 August 2023 during which time he was one of two Deputy Directors for the Debt Management and Reserves team in HM Treasury.

## 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 2023 to 31 March 2024.

### Vision, purpose and values

NS&I's vision is to inspire a stronger savings culture by being the most trusted UK savings provider, giving everyone the opportunity to save confidently.

NS&I's purpose is:

- Creating value through delivering cost-effective financing for government and the public good
- Providing valued services to government
- Supporting government to deliver on its policy objectives, offering trusted savings and investment propositions

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, initially published in January 2023 and updated in March 2024, which 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 and 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, 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 during 2023–24 this was 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 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 52.

### 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 Committee on how well NS&I is achieving its objectives.

The Chief Executive is expected to follow the advice of the board, except if doing so would conflict with their obligations as the Accounting Officer.

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

- strategic clarity: the NS&I vision
- commercial sense: scrutinising the allocation of financial and human resources
- talented people: ensuring NS&I has sufficient capability and capacity to meet current and future needs
- results focus: advising on the proposed corporate plan and monitoring the delivery of the agreed plan
- 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 operate within clearly defined terms of reference which were reviewed and updated during 2023–24 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 policy on holdings of NS&I products and on unpublished information about product changes restricts the ability of board members to transact in NS&I products when they have access to unpublished 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.

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 2023–24

During the period of this report, the board undertook various activities 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 other executive board members 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 business transformation programme, which is part of the Government Major Projects Portfolio
- reviewing the annual corporate plan and service delivery measures



- receiving regular reports from its Audit and Risk Committee and Remuneration Committee
- endorsing the 2022–23 Annual Report and Accounts on the recommendation of the Audit and Risk Committee
- informal interaction with NS&I employees including through lunchtime briefings and attendance at staff conferences.

### 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 the governance processes of NS&I, the roles and responsibilities of the board, committees and officers, and a range of other 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 considers the development needs of the executive 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 and 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. Changes made to address observations from the review included updates to the board's terms of reference and the Framework Document between NS&I and HM Treasury to increase the maximum number of non-executive board members and making the forward-looking parts of the directorates' reports to the board more prominent. An internal review of the board's effectiveness commenced during 2023–24 with findings reported to the board's April 2024 meeting.

### 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 the proposed scorecard and the related service delivery measures for the year. Updated performance data is presented at each board meeting.

### Board committees

The board has delegated responsibilities to its two advisory 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 2023–24 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, chaired by David Woodward, 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 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 NS&I's internal 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 the appropriateness of any provision of non-audit services to NS&I
- advise the board and Accounting Officer on NS&I's accounting policies, accounting judgements and accounting estimates; the preparation of the annual accounts; 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 its whistleblowing (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 risk management relating to the business transformation programme, cyber security, whistleblowing (speaking up), compliance and financial crime.

**Remuneration Committee**

The Remuneration Committee, chaired by Jill Lucas until November 2023 and subsequently by Nina Hingorani-Crain, comprises both executive and non-executive board members due to the nature of NS&I and the role of the Accounting Officer. The members during the year were the non-executive members of the board, the HM Treasury representative on the board, the Chief Executive and the People and Finance Director.

The Remuneration Committee scrutinises the Chief Executive’s recommendations on pay and performance-related awards to confirm that they are consistent with government policy, Civil Service 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.

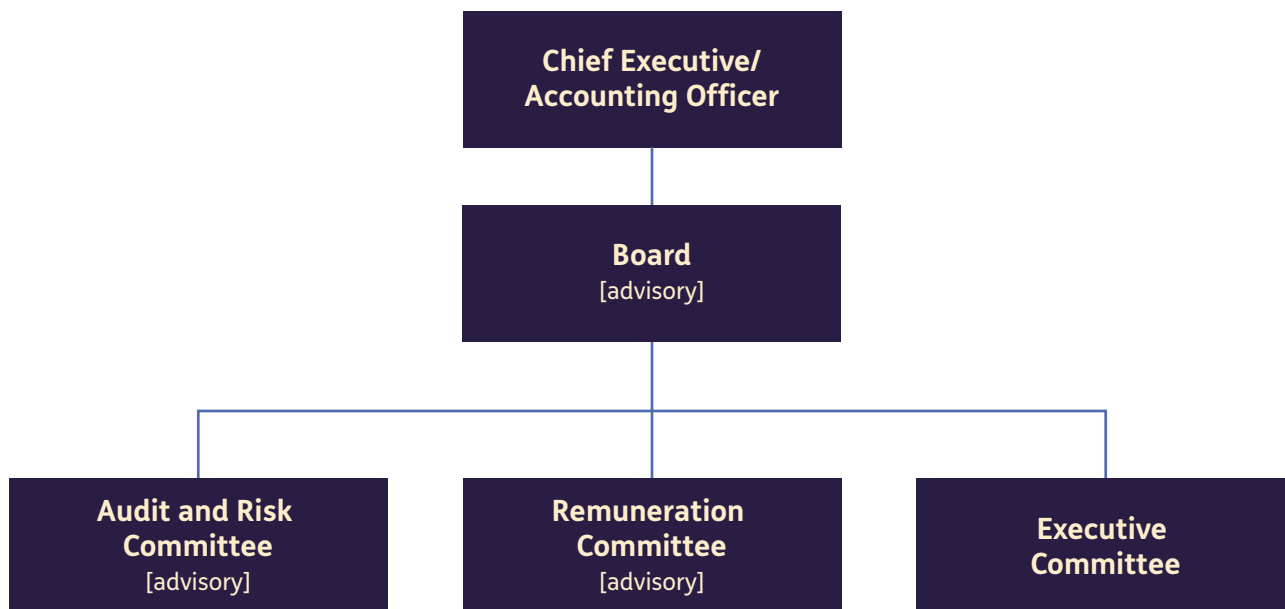
The Chair of the Remuneration Committee (or another non-executive member of the committee in the absence of the Chair) provides a verbal report following each meeting to the board, taking account of the confidential nature of the committee’s business.

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 53 to 64.

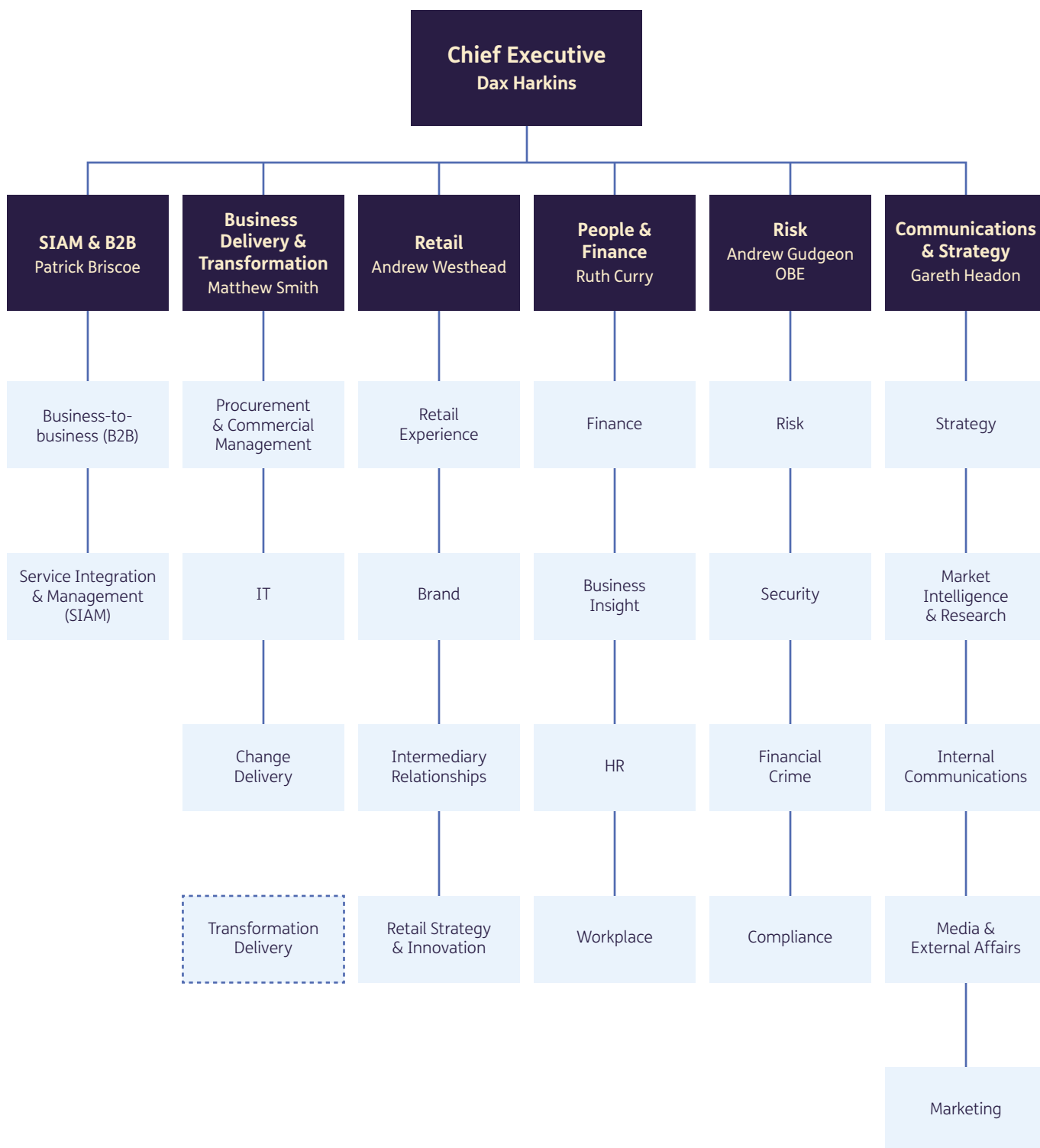
**Executive Committee**

The Executive Committee consists of all the executive board members and is chaired by the Chief Executive. The Executive Committee holds monthly formal meetings. It also held separate meetings and workshops during 2023–24 to discuss specific business matters and issues relating to the business transformation programme, strategy, and planning.

**Governance structure**



**Management structure as at 31 March 2024**



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## Attendance

The attendance of members of the board and its committees at meetings during 2023–24 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)		Remuneration Committee (five meetings)	
	Possible	Actual	Possible	Actual	Possible	Actual
<b>Members of the board and its committees as at 31 March 2024</b>						
Ed Anderson CBE	6	6	n/a	n/a	5	5
Nina Hingorani-Crain	6	6	5	5	5	5
Jill Lucas	6	5	5	5	5	5
David Woodward	6	6	5	5	5	5
Azin Roussos (from 1 September 2023)	3	3	3	3	2	2
Dax Harkins	6	6	n/a	n/a	5	5
Patrick Briscoe (from 11 December 2023)	1	1	n/a	n/a	n/a	n/a
Ruth Curry	6	6	n/a	n/a	5	5
Andrew Gudgeon OBE (from 28 December 2023)	1	1	n/a	n/a	n/a	n/a
Gareth Headon	6	6	n/a	n/a	n/a	n/a
Matthew Smith	6	6	n/a	n/a	n/a	n/a
Andrew Westhead (from 1 September 2023)	3	3	n/a	n/a	n/a	n/a
<b>Members who stepped down from the board and its committees during 2023–24</b>						
Kunal Patel (until 31 August 2023)	3	3	2	2	3	3
Paul Henry (until 9 October 2023)	4	3	n/a	n/a	n/a	n/a
David Mason (from 10 October 2023 to 27 December 2023)	1	1	n/a	n/a	n/a	n/a
Jill Waters (until 31 August 2023)	3	3	n/a	n/a	n/a	n/a

### Corporate strategy

NS&I's purpose is to create value through delivering cost-effective financing for government, whilst also providing it with services and helping it deliver policy objectives. Our current strategy, 'Inspire & Invest', runs to March 2025. This strategy sets out our three strategic objectives for that period as being:

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

ExCo's in-year strategic priorities for 2023–24 were to:

- 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, together aspiring to do more;
- Deliver a compelling and inclusive customer offer, to improve overall customer experience and inspire trust; and
- 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.

### Governance codes

NS&I is committed to achieving the highest standards of corporate governance, integrity and business ethics.

Throughout 2023–24, NS&I complied with the principles in *Corporate Governance in Central Government Departments: Code of Good Practice* (2017) where applicable. NS&I also looked 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 in relation to the treatment of 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 reports from the Employee Listening and Action Group (ELAG) on results of staff surveys and progress with action plans
- monitoring the relationship with, and performance of, NS&I's outsourced delivery partners.

### Ministerial Directions

There were no Ministerial Directions during 2023–24.

### 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 business transformation programme.

### Diversity and equal opportunity

NS&I is committed to equality of opportunity in all its employment practices, policies and procedures. It is NS&I's 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. Performance against related 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 members of the Executive Committee as the senior officers accountable for managing each of the government functions applicable to NS&I. Those directors have reported on NS&I's compliance with the standards in their 2023–24 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 this model.

### Non-financial information

NS&I reported one data incident to the Information Commissioner's Office (ICO) during 2023–24. Please refer to the 'Significant incidents' section for further details. During the 2023–24 financial year, NS&I had no reportable incidents relating to anti-corruption and anti-bribery matters.

## Auditors

In line with government guidelines, and to ensure wholly independent and fully professional analyses and recommendations, NS&I's internal audit service is provided by the 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 assurance opinion for the year ended 31 March 2024 was "Limited". GIAA's report noted concerns, particularly in the context of significant change and substantial reliance on one outsource provider, around governance and oversight, capacity and capability, the need to proactively verify supplier activities and improve the existence and quality of written processes, and the approach to adopting regulatory good practice. The report noted: "Whilst the Executive Team demonstrate a good understanding of the difficult risk environment within which they operate, action to address key risks and issues have, in a number of cases, not been fully effective in mitigating the risks within appropriate timescales."

NS&I management recognises the challenges identified by GIAA and is taking action to address them, including strengthening capacity and capability through rolling out a new organisational design and drawing on external expertise in relation to both the FCA's Consumer Duty and strengthening NS&I's partnership continuity plans.

NS&I's Resource Accounts and Product Accounts are externally audited by the Comptroller and Auditor General (who leads the National Audit Office) 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 total notional external audit fee for the audits of the 2023–24 Product Accounts and of the 2023–24 Resource Accounts is £559,000 (2022–23: £520,000).

## Risk management

### Approach

NS&I's approach to risk management is guided by the provisions set out in the *FCA Handbook* and in the *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 subcommittee (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 partners 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 reduce 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.

- Fair 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 via the Protect whistleblowing charity.
- 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 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.

## Risk appetite statements

The risk appetite statements applied during 2023–24 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: <ol style="list-style-type: none"> <li>delivering our overarching Inspire &amp; Invest strategy,</li> <li>agreeing and delivering our annual corporate plan (including delivery priorities and SDMs), and</li> <li>delivering our 'Supporting Government Policy' strategic purpose.</li> </ol>
<b>Reputational impact</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.
<b>People: NS&amp;I staff</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 impact</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 impact</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, things can go wrong 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 2023–24.

Risk	Description	Mitigations
<b>Outsourced service risk</b>	There is a risk that NS&I fails to meet our service delivery measures due to Atos missing their contractual performance indicators as a result of internal and/or external control failures or other environmental matters (i.e. pandemics, resource shortages, corporate restructure etc.).	NS&I works closely with Atos to ensure risks to service delivery are identified and managed appropriately. We have regular governance forums where we oversee Atos’s operational performance to ensure services are delivered in line with contractual obligations.  We monitor and have open conversations with Atos to understand any implications for NS&I from their challenging financial position. We will continue to engage with the Cabinet Office to feed into cross-government coordination activity and our partnership continuity plan is being refined to ensure there is no disruption to service provision.
<b>Transformation enablement</b>	There is a risk that NS&I is unable to deliver the modernisation initiatives required to enable our transformation and reduce the scale of our legacy constraints and operating costs.	We have recruited expertise to help us design and implement our new multi-supplier business model.  During the year we awarded contracts to IBM and Sopra Steria and have made progress towards transitioning services to our new partners. The transition of services is complex and we are working to ensure we manage the risks inherent in this activity, including the development of testing plans prior to launch to minimise the risk of service disruption.
<b>Business resource</b>	There is a risk that NS&I will not be able to attract, retain and develop the skills and talents required to transform the business and implement the new operating model, resulting in disengagement among staff who are affected by change, government policy restrictions, and failure to maximise the benefits of 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>Cyber risk – protecting customer data</b>	The risk of ineffective systems and controls to deter malware infiltration, asset exfiltration and disruption to systems and services.	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 data is handled appropriately.  Atos owns and operates our key cyber security controls and provides regular reports to NS&I on the performance of these controls and the wider risk environment. NS&I exercises oversight of Atos through governance meetings attended by both NS&I and Atos cyber security colleagues, where risks are discussed and actions to remediate known vulnerabilities are tracked to completion.  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.
<b>Major legislative compliance failure</b>	NS&I fails to act on breaches of legislative or regulatory requirements promptly or suffers reputational damage as a result of failing to meet relevant market standards.	NS&I oversees Atos to make sure that Atos operates in compliance to regulatory and legislative requirements; this oversight is undertaken on a daily basis and formally through monthly governance meetings. We undertake horizon scanning to identify changes in the regulatory landscape and how these will impact on the services we provide.  Where areas of non-compliance are identified, we work with Atos to develop solutions to bring us back in line with our obligations.
<b>Customer and product risk</b>	NS&I products and services are unaligned to customer expectations and accessibility requirements.	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 and our customer accessibility policy.  NS&I pays close attention to the Consumer Duty principles, ensuring clear products and services, price and value, consumer understanding and consumer support.

Risk	Description	Mitigations
<b>Business-to-business (B2B) risk</b>	There is a risk that NS&I suffers reputational damage due to Government Payment Service (GPS) failing to meet service delivery measures for their clients.	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>Critical person risk</b>	A number of roles in NS&I are critical to the successful delivery of our strategic objectives. There is a risk that vacancies in these roles cannot be satisfactorily filled within an acceptable timeframe, leading to significant gaps in capability or capacity and compromise in the delivery of these objectives.	NS&I used recruitment specialists to support our campaigns for Executive level appointments. Deputy executives stepped in to provide cover and continuity while the campaigns were underway, ensuring the tasks performed by key posts were completed with no interruption to service. All key posts were recruited to promptly with good levels of competition from a strong pool of candidates. Robust handover processes helped ensure a smooth transition of responsibilities.
<b>Financial management</b>	NS&I is unable to secure adequate long-term sustainable funding to deliver the future operating model.	HM Treasury sets NS&I's departmental spending limits and we monitor our spending against those limits on an ongoing basis. Spending and forecasting is monitored across the business by the finance team who meet with budget holders to review and challenge actual and planned expenditure to ensure that we remain within our limits.

### 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 2023–24 are set out below.

Area	Finding and mitigations
<b>Data disclosure</b>	In July 2023, an error made during an IT upgrade affected our process for uploading messages to the accounts of Childcare service users. The error resulted in some users receiving messages that were intended for other users; the information disclosed did not contain detailed personal information and could not be used to access customer accounts. The messages were deleted promptly from the system upon discovery of the issue. We referred the incident to the Information Commissioner's Office and no further action was requested.
<b>Compliance with the Payment Services Regulations (PSRs)</b>	NS&I is committed to adhering to the relevant rules and guidance under the Payment Services Regulations (PSRs), in line with our memorandum of understanding with HM Treasury, albeit we are exempt by an Act of Parliament. NS&I is not fully compliant with all aspects of the Strong Customer Authentication requirements outlined in the technical standard. As part of our business transformation, we will address the few shortfalls that exist.

### 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, receive an independent evaluation of NS&I's governance, risk management and internal control through:

- the integrated assurance report, which considers the results of 2023–24 assurance activity; this includes internal audit's findings and annual assurance opinion 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 2023–24 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
- discussion, where appropriate, with the responsible NS&I and operational partners' executives on any key control issues
- the external auditor's annual audit with recommendations for improvements to the internal control environment identified during the audit process.



**Dax Harkins**  
**Chief Executive and Accounting Officer**  
**National Savings and Investments**  
18 July 2024

## 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 NS&I’s 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. As far as I am aware, there is no relevant audit information of which the auditors are unaware.



**Dax Harkins**

**Chief Executive and Accounting Officer  
National Savings and Investments**

18 July 2024

# Remuneration and staff report 2023–24

## Remuneration Committee

The Remuneration Committee, chaired by Jill Lucas until November 2023 and subsequently by Nina Hingorani-Crain, comprises both executive and non-executive board members. The members during the year were the non-executive members of the board, the HM Treasury representative on the board, the Chief Executive and the People and Finance Director.

## 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 and the Risk Director, 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 55.

## Salary and pension entitlements

The salary and pension entitlements of the executive board members are shown in Tables A and C on pages 54–55 and page 56 respectively.

## 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 2023–24 relate to performance in 2022–23 and the comparative payments reported for 2022–23 relate to performance in 2021–22.

## 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 2023–24 was £190,000–£195,000.

No employee received remuneration in excess of the highest-paid Director (including the Chief Executive) in 2023–24. Remuneration bands ranged from £15,000–£20,000 to £190,000–£195,000 in 2023–24. In 2022–23, remuneration bands ranged from £15,000–£20,000 to £230,000–£235,000.

The ratio of the highest-paid Director (2023–24) was 3.6 times (2022–23: 4.6 times) the median remuneration of the workforce, which was £53,739 (2022–23: £50,058).

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

	2023–24					2022–23				
	Salary <sup>(1)</sup>	Performance-related pay <sup>(2)</sup>	Benefits in kind <sup>(5)</sup>	Pension benefits <sup>(3)</sup>	Total	Salary <sup>(1)</sup>	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>Dax Harkins<sup>(7)</sup></b> Chief Executive	175–180	10–15	0.7	–	190–195	120–125	15–20	0.6	42	180–185
<b>Ian Ackerley<sup>(6)</sup></b> Chief Executive (to 12 March 2023)	n/a	20–25	n/a	–	20–25	190–195 (200–205 annualised equivalent)	25–30	0.4	72	290–295 (300–305 annualised equivalent)
<b>Patrick Briscoe<sup>(8)</sup></b> SIAM and B2B Director	35–40 (120–125 annualised equivalent)	n/a	n/a	–	35–40	n/a	n/a	n/a	n/a	n/a
<b>Ruth Curry</b> People and Finance Director	125–130	10–15	n/a	–	140–145	120–125	15–20	n/a	–10	130–135
<b>Andrew Gudgeon OBE<sup>(9)</sup></b> Risk Director	30–35 (130–135 annualised equivalent)	n/a	n/a	–	30–35	n/a	n/a	n/a	n/a	n/a
<b>Gareth Headon<sup>(10)</sup></b> Communications and Strategy Director	125–130	10–15	n/a	–	135–140	115–120	15–20	n/a	45	175–180 (180–185 annualised equivalent)
<b>Paul Henry<sup>(11)</sup></b> Risk Director	65–70 (125–130 annualised equivalent)	10–15	n/a	–	80–85	120–125	15–20	n/a	48	185–190
<b>David Mason<sup>(12)</sup></b> Acting Risk Director	20–25 (110–115 annualised equivalent)	n/a	n/a	–	20–25	n/a	n/a	n/a	n/a	n/a
<b>Matthew Smith</b> Chief Operating Officer	145–150	20–25	0.3	–	170–175	140–145	15–20	n/a	55	210–215
<b>Jill Waters<sup>(13)</sup></b> Retail Director	50–55 (120–125 annualised equivalent)	10–15	n/a	–	60–65	115–120	10–15	n/a	–24	100–105
<b>Andrew Westhead<sup>(14)</sup></b> Retail Director	70–75 (125–130 annualised equivalent)	n/a	n/a	–	70–75	n/a	n/a	n/a	n/a	n/a
<b>Band of highest- paid Director</b>	<b>175–180</b>	<b>20–25</b>	<b>0.7</b>	<b>n/a</b>	<b>190–195</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>Remuneration median for workforce<sup>(4)</sup></b>	<b>£53,739</b>					<b>£50,058</b>				
<b>Ratio of highest- paid Director to median salary of workforce<sup>(4)</sup></b>	<b>3.6</b>					<b>4.6</b>				

(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 2023–24 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 2023–24 are performance-related payments for the 2022–23 performance year, which were paid in September 2023. Performance-related payments for 2022–23 are performance-related payments for the 2021–22 performance year.

(3) Accrued pension benefits for Directors are not included in this table for 2023–24 due to an exceptional delay in the calculation of these figures, following the application of the public service pensions remedy.

(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) Dax Harkins was appointed Acting Chief Executive on 10 March 2023 (previously B2B and Operations Director) and then appointed Chief Executive on 1 April 2023.

(8) Patrick Briscoe was appointed SIAM and B2B Director on 11 December 2023.

(9) Andrew Gudgeon OBE was appointed Risk Director on 28 December 2023.

(10) 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).

(11) Paul Henry retired on 9 October 2023.

(12) David Mason was Acting Risk Director from 10 October 2023 to 27 December 2023.

(13) Jill Waters retired on 31 August 2023.

(14) Andrew Westhead was appointed Retail Director on 1 September 2023.

### 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 decreased for the 25th, 50th and 75th percentiles. The decrease can be attributed to the increase in the workforce included in the calculation and the decrease of the highest-paid Director. 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
2023–24	4.3:1	3.6:1	2.8:1
2022–23	5.5:1	4.6:1	3.6:1

The median remuneration has increased by 7.4% during 2023–24 when compared with 2022–23 (£53,739 in 2023–24 and £50,058 in 2022–23). The increase is due to an increase in headcount in our workforce at our managerial level. The banded remuneration of the highest-paid Director decreased in 2023–24 when

compared with 2022–23 (£190,000–£195,000 in 2023–24 and £230,000–£235,000 in 2022–23), mainly due to a decrease in base pay and bonus received.

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

	2023–24	
	Total salary and allowances	Bonus payments
Staff average	7.4%	20.7%
Highest-paid Director	-10.1%	-54.5%

The table above shows the percentage increase in the average salary paid to NS&I employees. This is not the pay increase received by NS&I employees. In 2023–24, the pay increase received by NS&I employees ranged from 4.5% to 6.5%. The bonus payment shows a large % decrease as the comparison to 2022–23 is for a previous Director who was in the CEO role. The highest-paid Director for 2023–24 is the new CEO, but the bonus used for the comparator was that from their role as an NS&I Director.

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

	25th percentile 2023–24	Median 2023–24	75th percentile 2023–24
Salary	£43,533	£50,500	£69,075
Total pay and benefits	£44,979	£53,739	£69,075

	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

### Table B: The remuneration of Non-executive Directors (Audited)

	2023–24	2022–23
	£000	£000
Ed Anderson CBE (Chair)	20–25	20–25
Nina Hingorani-Crain	15–20	15–20
Jill Lucas	15–20	15–20
Sharmila Nebhrajani OBE <sup>(1)</sup>	–	10–15 (15–20 annualised equivalent)
David Woodward <sup>(2)</sup>	15–20	0–5 (15–20 annualised equivalent)

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

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

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

Accrued pension benefits for Directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures, following the application of the public service pensions remedy.

	Accrued pension at pension age as at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
<b>Dax Harkins<sup>(3)</sup></b> Chief Executive	-	-	-	677	n/a	0
<b>Ian Ackerley<sup>(2)</sup></b> Chief Executive (to 12 March 2023)	-	-	-	404	n/a	0
<b>Patrick Briscoe<sup>(4)</sup></b> SIAM and B2B Director	-	-	-	-	n/a	-
<b>Ruth Curry</b> People and Finance Director	-	-	-	938	n/a	0
<b>Andrew Gudgeon OBE<sup>(5)</sup></b> Risk Director	-	-	-	-	n/a	-
<b>Gareth Headon<sup>(6)</sup></b> Communications and Strategy Director <sup>(2)</sup>	-	-	-	368	n/a	0
<b>Paul Henry<sup>(7)</sup></b> Risk Director	-	-	-	215	n/a	0
<b>David Mason<sup>(8)</sup></b> Acting Risk Director	-	-	-	-	n/a	-
<b>Matthew Smith</b> Chief Operating Officer	-	-	-	194	n/a	0
<b>Jill Waters<sup>(9)</sup></b> Retail Director	-	-	-	784	n/a	0
<b>Andrew Westhead<sup>(10)</sup></b> Retail Director	-	-	-	-	n/a	-

(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) Dax Harkins was appointed Acting Chief Executive on 10 March 2023 (previously B2B and Operations Director) and was then appointed Chief Executive on 1 April 2023.

(4) Patrick Briscoe was appointed SIAM and B2B Director on 11 December 2023.

(5) Andrew Gudgeon OBE was appointed Risk Director on 28 December 2023.

(6) 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).

(7) Paul Henry retired on 9 October 2023.

(8) David Mason was appointed Acting Risk Director from 10 October 2023 to 27 December 2023.

(9) Jill Waters retired on 31 August 2023.

(10) Andrew Westhead was appointed Retail Director on 1 September 2023.



### 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 Principal 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 (CETV)

Table C on page 56 shows the executive board members CETV at 31 March 2023. Accrued pension benefits for Directors are not included in this table for 2023–24 due to an exceptional delay in the calculation of these figures, following the application of the public service pensions remedy.

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 41 external permanent and fixed-term appointments in the year. These are summarised in the table on page 59. Full details of staff numbers can be found in Table 5 of the Departmental report information on page 121.

### New permanent and fixed-term appointments made in 2023–24

	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	0	0	3	1	5	12	2	3	1
Female	0	0	0	1	0	10	2	1	0
White	0	0	3	2	4	16	4	2	1
Non-white	0	0	0	0	0	5	0	2	0
Non-declared	0	0	0	0	1	1	0	0	0
Disabled	0	0	0	0	0	2	1	0	0

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

	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	6	1	-	-
The number of persons of each sex who were senior managers at year end <sup>(1)</sup>	32	16	-	-
The total number of persons who were employed at year end	130	100	-	2

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

As at 31 March 2024, NS&I employed six employees in roles equivalent to Senior Civil Servant SCS 2 and nine employees equivalent to SCS 1.

### Staff and related costs

Staff costs comprise (Audited):

	2023–24 Permanently employed UK staff	2023–24 Others	2023–24 Ministers	2023–24 Special advisers	2023–24 Total	2022–23 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	12,905	1,510	-	-	14,415	12,561
Social security costs	1,502	-	-	-	1,502	1,344
Other pension costs	3,224	-	-	-	3,224	2,888
<b>Sub-total</b>	<b>17,631</b>	<b>1,510</b>	<b>-</b>	<b>-</b>	<b>19,141</b>	<b>16,793</b>
Less recoveries in respect of outward secondments	-	-	-	-	-	-
<b>Total net costs</b>	<b>17,631</b>	<b>1,510</b>	<b>-</b>	<b>-</b>	<b>19,141</b>	<b>16,793</b>

## Remuneration and staff report 2023–24

### Average number of persons employed (Audited)

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

Activity	2023–24 Permanently employed UK staff	2023–24 Others	2023–24 Ministers	2023–24 Special advisers	2023–24 Total	2022–23 Total
Staff engaged on capital projects	-	-	-	-	-	-
Core staff	218	9	-	-	227	209
<b>Total</b>	<b>218</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>227</b>	<b>209</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. This remains a key people metric for NS&I to review and monitor on a regular basis.

	2023–24	2022–23
Average unplanned employee turnover	10.07%	14.37%
Average gross employee turnover	12.60%	16.47%

### 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
	2023–24	2023–24	2023–24	2022–23	2022–23	2022–23
<£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 2020. 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 2023–24, employer contributions of £3,122,990 were payable to the PCSPS (2022–23: £2,786,991) at one of four rates in the range 26.6% to 30.3% (2022–23: 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 2023–24 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 £100,544 (2022–23: £96,847) 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% (2022–23: 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 £3,624, 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 (2022–23: £3,806, 0.5% of pensionable earnings). Contributions due to the partnership pension providers at the Statement of financial position date were Nil (2022–23: 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 41 new employees who commenced employment during 2023–24, 25 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 2024–25, 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 2023–24, our pay remit increased by 5% during the year.

Details of executive pay and performance-related pay can be found on pages 54 and 55. 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 2023–24, the majority of our current and previous employees were covered by the provisions of the PCSPS. The rate of employer’s contribution to this is determined by the Government Actuary and advised by HM Treasury. For 2023–24, the rates were between 26.6% and 30.3% (2022–23: 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 57 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 2023, please see the Our people section of the Performance Report (pages 24 and 25).

### 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 2023–24. 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 2023, NS&I's gender pay gap data is as follows:

	%	
Mean gender pay gap – Ordinary pay	11.2	
Median gender pay gap – Ordinary pay	9.7	
Mean gender pay gap – Bonus paid in the 12 months ending 31 March	15.3	
Median gender pay gap – Bonus paid in the 12 months ending 31 March	8.3	
<b>Proportion of male and female employees paid a bonus in the 12 months ending 31 March</b>		
Male	86.2	
Female	92.6	
<b>Proportion of male and female employees in each quartile</b>		
<b>Quartile</b>	<b>Female %</b>	<b>Male %</b>
Lower quartile	50.9	49.1
Lower middle quartile	57.7	42.3
Upper middle quartile	39.6	60.4
Upper quartile	30.8	69.2

NS&I's gender pay gap data is calculated using salary at year end (i.e. 31 March 2023) and bonus figures paid out to the employee in the same financial year (so, 2022–23). This is consistent with how we report this data elsewhere. NS&I's mean and median gender pay gap has reduced. NS&I's mean and median bonus gender pay gap have both decreased.

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 2024 was 2.54 days (2022–23: 3.26). This figure covers all absences including long-term absence. Short-term absences were 2.01 days (2022–23: 2.72). Overall, sickness absence levels at NS&I are below the Civil Service benchmark (based on figures to September 2023).

## 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	0.0212

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

The number of employees who were relevant union officials employed during 2023–24, 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 2023–24.

Total cost of facility time (£000)	£2.44
Total pay bill (£000)	£19,166
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.0127%

### 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 2023–24 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%
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## Off-payroll engagements

**Table 1: Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater**

<b>Number of existing engagements as of 31 March 2024</b>	7
<i>Of which, no. that existed:</i>	
less than 1 year	4
for between 1 and 2 years	3
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 2024, earning £245 per day or greater**

<b>Number of temporary off-payroll workers engaged during the year ended 31 March 2024</b>	14
<i>Of which:</i>	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	14
Subject to off-payroll legislation and determined as out-of-scope of IR35x	0
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: No. of engagements that saw a change to IR35 status following review	0

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024**

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both on-payroll and off-payroll engagements.	14

(1) This includes Executive and Non-executive Directors as detailed on pages 54 to 55 in Tables A and B relating to 2023–24.



**Dax Harkins**

**Chief Executive**  
**National Savings and Investments**  
18 July 2024



# Parliamentary accountability and audit report

## Statement of Outturn against Parliamentary Supply (SoPS)

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

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

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

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (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).

### Summary of resource and capital outturn

		2023–24			2022–23				
SoPS note	Estimate			Outturn			Voted outturn compared with Estimate: savings/ (excess) £000	Outturn Total £000	
	Voted	Non-voted	Total	Voted	Non-voted	Total			
	£000	£000	£000	£000	£000	£000			
<b>Departmental Expenditure Limit (DEL)</b>									
– Resource	1.1	194,093	–	<b>194,093</b>	182,740	–	<b>182,740</b>	11,353	<b>166,079</b>
– Capital	1.2	66,016	–	<b>66,016</b>	29,030	–	<b>29,030</b>	36,986	<b>11,454</b>
<b>Annually Managed Expenditure (AME)</b>									
– Resource	1.1	700	–	<b>700</b>	–	–	–	700	–
– Capital		–	–	–	–	–	–	–	–
<b>Total budget</b>		<b>260,809</b>	–	<b>260,809</b>	<b>211,770</b>	–	<b>211,770</b>	<b>49,039</b>	<b>177,533</b>
<b>Total</b>		<b>260,809</b>	–	<b>260,809</b>	<b>211,770</b>	–	<b>211,770</b>	<b>49,039</b>	<b>177,533</b>
Total resource	1.1	194,793	–	194,793	182,740	–	182,740	12,053	166,079
Total capital	1.2	66,016	–	66,016	29,030	–	29,030	36,986	11,454
<b>Total</b>		<b>260,809</b>	–	<b>260,809</b>	<b>211,770</b>	–	<b>211,770</b>	<b>49,039</b>	<b>177,533</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	2023–24		2023–24		2022–23
		Estimate		Outturn	Net total outturn compared with Estimate: saving	Outturn
		£000		£000	£000	£000
	3	<b>259,813</b>		<b>212,049</b>	<b>47,764</b>	<b>169,107</b>

### Administration costs

	2023–24		2023–24		2022–23	
	Estimate		Outturn		Outturn	
	£000		£000		£000	£000
	<b>194,093</b>		<b>182,740</b>		<b>166,079</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 Performance Report.

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

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

### SoPS1 Net outturn

#### SoPS 1.1 Analysis of net resource outturn by section

	2023-24										2022-23
	Outturn							Estimate			Outturn
	Administration			Programme				Total £000	Net total £000	Net total compared with Estimate £000	£000
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000					
<b>Spending in Departmental Expenditure Limits (DEL)</b>											
<b>Voted</b>											
Administration	246,636	(63,896)	182,740	-	-	-	182,740	194,093	11,353	166,079	
<b>Spending in Annually Managed Expenditure (AME)</b>											
<b>Voted</b>											
Administration	-	-	-	-	-	-	-	700	700	-	
<b>Total</b>	<b>246,636</b>	<b>(63,896)</b>	<b>182,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,740</b>	<b>194,793</b>	<b>12,053</b>	<b>166,079</b>	

	2023-24	
Difference between resource outturn and Estimate	£000	£000
Higher income	1,866	
Lower programme costs	5,080	
Lower depreciation costs	2,496	
Lower staff costs	781	
Other difference	1,130	
<b>Total DEL underspend</b>		<b>11,353</b>
Lower requirement for provisions	700	
Lower revaluation charge for NS&I properties	-	
<b>Total AME underspend</b>		<b>700</b>
<b>Total underspend against Estimate</b>		<b>12,053</b>

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

	2023-24					2022-23
	Outturn			Estimate		Outturn
	Gross £000	Income £000	Net £000	Net £000	Net total compared with Estimate £000	Net £000
<b>Spending in Departmental Expenditure Limits (DEL)</b>						
<b>Voted</b>						
Administration	29,030	-	29,030	66,016	36,986	11,454
<b>Spending in Annually Managed Expenditure (AME)</b>						
<b>Voted</b>						
Administration	-	-	-	-	-	-
<b>Total</b>	<b>29,030</b>	<b>-</b>	<b>29,030</b>	<b>66,016</b>	<b>36,986</b>	<b>11,454</b>

The capital outturn disclosed above excludes capitalised Public Private 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	2023–24	2022–23
		£000	£000
<b>Total resource outturn in Statement of Parliamentary Supply</b>		182,740	166,079
	SoPS1.1	<b>182,740</b>	<b>166,079</b>
<b>Add:</b>			
Income transferred from deferred income to operating income		(1,009)	(1,306)
PPP asset depreciation		698	769
PPP asset amortisation		17,371	17,356
PPP asset revaluation (gain)/loss		-	-
PPP asset impairment		927	299
PPP asset loss on disposal		1,075	247
		<b>19,062</b>	<b>17,365</b>
<b>Less:</b>			
Transfer of PPP costs to capital		(21)	(8,359)
Profit on disposal taken through CDEL		-	-
		<b>(21)</b>	<b>(8,359)</b>
<b>Net operating cost in Statement of comprehensive net expenditure</b>		<b>201,781</b>	<b>175,085</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the Financial Statements.

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

	SoPs note	2023–24		2022–23	
		Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/ (excess) £000	Outturn £000
<b>Resource outturn</b>	SOPS1.1	194,793	182,740	12,053	166,079
<b>Capital outturn:</b>					
– Addition of property, plant and equipment	SOPS1.2		409	(409)	353
– Addition of intangible assets	SOPS1.2	66,016	28,620	37,396	11,101
<b>Accruals to cash adjustments</b>					
Adjustments to remove non-cash items					
– Depreciation		(3,846)	(1,350)	(2,496)	(1,050)
– New provisions and adjustments to previous provisions		(700)	-	(700)	-
– Other non-cash items		(450)	(559)	109	(520)
Adjustments to reflect movements in working balances:					
– Increase/(decrease) in receivables		(1,000)	(949)	(51)	2,026
– Decrease/(increase) in payables		5,000	3,138	1,862	(8,882)
– Use of provisions	13	-	-	-	-
<b>Net cash requirement</b>		<b>259,813</b>	<b>212,049</b>	<b>47,764</b>	<b>169,107</b>

## SoPS4 Income payable to the Consolidated Fund

### SoPS 4.1 Analysis of income payable to the Consolidated Fund

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

	2023–24 Outturn		2022–23 Outturn	
	Income £000	Receipts £000	Income £000	Receipts £000
Operating income outside the ambit of the Estimate	774	774	150	150
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	<b>774</b>	<b>774</b>	<b>150</b>	<b>150</b>

## Parliamentary Accountability Disclosures

### 1 Losses and special payments

#### 1.1 Losses statement

as at 31 March

	Accounts note	2023–24		2022–23	
		Number of cases	£000	Number of cases	£000
Compensation payments		-	-	-	-
Fraud loss		-	-	-	-
Bad debts	3	-	-	-	-
Fruitless payments		-	-	-	-
Special payments		-	-	-	-
<b>Total</b>		-	-	-	-

Net fraud losses are shown in the table below:

	2023–24 £000	2022–23 £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 2023–24 which were agreed with HM Treasury (2022–23: 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.

	2023–24			2022–23		
	Gross income £000	Full cost £000	Surplus £000	Gross income £000	Full cost £000	Surplus £000
Business-to-business	64,905	54,042	10,863	69,268	57,616	11,652

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 the 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; and Help to Buy for HM Treasury, for which we took on service delivery in April 2019.

## 3 Regularity of Expenditure (Audited)

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



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
 18 July 2024

## The Certificate and Report of the Comptroller and Auditor General to the House of Commons (Resource Accounts)

### Opinion on financial statements

I certify that I have audited the financial statements of National Savings and Investments for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise National Savings and Investments’:

- Statement of Financial Position as at 31 March 2024;
- 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 2024 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued 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 parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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

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

- maintaining proper accounting records;
- 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;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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 and operational performance including the design of National Savings and Investments' accounting policies.
- 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 regarding 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 2023.

**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, 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

I 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 sufficient appropriate audit evidence 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**  
**Comptroller and Auditor General**

**Date 26 July 2024**

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 2024 under the Government Resources and Accounts Act 2000.

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

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Income, Statement of Cash Flows; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Product Accounts of National Savings and Investments' affairs as at 31 March 2024 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 Product Accounts of National Savings and Investments in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that National Savings and Investments' Product 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 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 issued 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 Report.

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 parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

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

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the 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 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing 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 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,
- inquired of management, National Savings and Investments’ head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Savings and Investments Product 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 National Savings and Investment’ controls relating to National Savings and Investments Product Accounts’ compliance with the Government Resources and Accounts Act 2000, Managing Public Money
- inquired of management, of 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 regarding 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, 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, 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, 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

I 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 sufficient appropriate audit evidence 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**  
**Comptroller and Auditor General**

**Date 26 July 2024**

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

# 03

## Financial Statements

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## Statement of comprehensive net expenditure for the period ending 31 March 2024

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

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

	Note	2023–24 £000	2022–23 £000
Income from sale of goods and services	4	(64,905)	(69,265)
Other operating income	4	–	–
<b>Total operating income</b>		<b>(64,905)</b>	<b>(69,265)</b>
Staff costs	2	19,141	16,793
Purchase of goods and services	3	225,514	207,260
Depreciation and impairment charges	3	21,422	19,721
Other operating expenditure	3	559	520
<b>Total operating expenditure</b>		<b>266,636</b>	<b>244,294</b>
Interest charges		<b>50</b>	<b>56</b>
<b>Net operating expenditure</b>		<b>201,781</b>	<b>175,085</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	(1,381)	(1,154)
<b>Comprehensive net expenditure for the year</b>		<b>200,400</b>	<b>173,931</b>

All income and expenditure are derived from continuing operations.

The notes on pages 84 to 98 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	2024 £000	2024 £000	2023 £000	2023 £000
<b>Non-current assets</b>					
Property, plant and equipment	5	5,986		7,533	
Intangible assets	6	76,870		66,314	
<b>Total non-current assets</b>			<b>82,856</b>		<b>73,847</b>
<b>Current assets</b>					
Trade and other receivables	8	3,631		4,579	
Cash and cash equivalents	9	4,860		7,710	
Client funds	10	124,134		98,383	
<b>Total current assets</b>			<b>132,625</b>		<b>110,672</b>
<b>Total assets</b>			<b>215,481</b>		<b>184,519</b>
<b>Current liabilities</b>					
Trade and other payables	11	(39,682)		(45,146)	
Client funds: Liability to HM Treasury, HMRC	10	(124,134)		(98,383)	
<b>Total current liabilities</b>			<b>(163,816)</b>		<b>(143,529)</b>
<b>Total current assets less current liabilities</b>			<b>51,665</b>		<b>40,990</b>
<b>Non-current liabilities</b>					
Trade and other payables	11	(5,624)		(7,158)	
<b>Total non-current liabilities</b>			<b>(5,624)</b>		<b>(7,158)</b>
<b>Total assets less total liabilities</b>			<b>46,041</b>		<b>33,832</b>
<b>Taxpayers' equity</b>					
General Fund			42,082		29,607
Revaluation reserve	12		3,959		4,225
<b>Total equity</b>			<b>46,041</b>		<b>33,832</b>

The notes on pages 84 to 98 form part of these accounts.



**Dax Harkins**

**Chief Executive  
National Savings and Investments**  
18 July 2024

## Statement of cash flows for the period ending 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	2023–24 £000	2022–23 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(201,781)	(175,085)
Adjustment for non-cash transactions	3	21,981	20,241
Decrease/(Increase) in trade and other receivables	8	949	(2,026)
(Decrease)/Increase in trade and other payables	11	(2,936)	2,867
<b>Net cash outflow from operating activities</b>		<b>(181,787)</b>	<b>(154,003)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(37)	(619)
Purchase of intangible assets	6	(28,628)	(18,849)
(Decrease)/Increase in capital payables	11	(777)	5,206
<b>Net cash flows from investing activities</b>		<b>(29,442)</b>	<b>(14,262)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		216,910	176,817
To the Consolidated Fund (Supply) – prior year		(7,710)	(217)
Capital element of payments in respect of leases		(821)	(842)
<b>Net cash flows from financing activities</b>		<b>208,379</b>	<b>175,758</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>(2,850)</b>	<b>7,493</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		774	150
Payments of amounts due to the Consolidated Fund		(774)	(150)
<b>Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	9	<b>(2,850)</b>	<b>7,493</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>7,710</b>	<b>217</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>4,860</b>	<b>7,710</b>

Cash flows regarding client funds are not included as those monies are not accounted through the Consolidated Fund. The notes on pages 84 to 98 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 National Savings and Investments, 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 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>
<b>Changes in taxpayers' equity 2023–24</b>				
Net Parliamentary Funding – drawn down		209,200	-	209,200
Net Parliamentary Funding – deemed		7,710	-	7,710
Supply payable adjustment		(4,860)	-	(4,860)
		<b>212,050</b>	<b>-</b>	<b>212,050</b>
Net operating costs for the year		(201,781)	-	(201,781)
<b>Non-cash adjustments</b>				
Auditor's remuneration	3	559	-	559
Net gain on revaluation of non-current assets	12	-	1,381	1,381
		(201,222)	1,381	(199,841)
<b>Movements in reserves</b>				
Transfer between reserves	12	1,647	(1,647)	-
<b>Balance at 31 March 2024</b>		<b>42,082</b>	<b>3,959</b>	<b>46,041</b>

The notes on pages 84 to 98 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 2023–24 *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 2024 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 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that represents those contracts so that users of financial statements can assess the effect that insurance contracts have on an entity's financial position. However, implementation of this standard has not yet been included in the 2023–24 FReM. The standard as adapted and interpreted by the FReM will become effective from 1 April 2025, with comparatives for 1 April 2024.

##### 1.1.2 Other amendments to the FReM

Other amendments to the FReM due to come into effect on or after 1 April 2024 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 2023–24, NS&I’s Digital integration and service operations package continued to be developed by IBM. IBM commenced development work for NS&I’s Digital Experience and Enablement package, and Sopra Steria developed the Customer Contact and Operations package in 2023–24. These assets are not ready for use and are included at cost as assets under construction at 31 March 2024.

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

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

- 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.

NS&I entered into contracts with IBM for the development of NS&I’s Procurement Package A (Digital integration and service operations) and Procurement Package B (Digital experience and enablement). A further contract has been entered into with Sopra Steria for Procurement Package C (Customer contact and operations). The procurement packages include design, build and implementation work. The development work from these packages does not fall within the scope of the IFRIC 12 Service Concession arrangement NS&I has with Atos. It is part of transforming NS&I’s business model from a single model to a multi-supplier one.

#### 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
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### 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 Wearside House 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. The impact of IFRS 9 has not had any impact on NS&I's financial instruments.

### 1.16 Operating income

NS&I has a number of contracts with business-to-business customers. It meets the core principle of IFRS 15 Contracts with customers in 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 be recognised 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 financial services (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 (B2B) 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 is 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:

	2023–24 £000	2022–23 £000
Wages and salaries	14,415	12,561
Social security costs	1,502	1,344
Other pension costs	3,224	2,888
<b>Total net costs</b>	<b>19,141</b>	<b>16,793</b>

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

## 3 Expenditure

	Notes	2023–24 £000	2023–24 £000	2023–24 £000	2022–23 £000	2022–23 £000	2022–23 £000
Public Private Partnership (PPP) costs <sup>(1)</sup>		188,736			178,485		
Transfer of PPP provider costs to capital		(21)			(8,359)		
<b>Net PPP costs</b>			188,715			170,126	
Goods and services			36,756			35,986	
Rentals under operating leases			43			1,148	
Losses and special payments			-			-	
<b>Total goods and services</b>				225,514			207,260
<b>Interest charges</b>			50	50		56	56
<b>Non cash items</b>							
Depreciation	5		1,967			1,742	
Amortisation	6		17,451			17,433	
Loss on disposal of property, plant and equipment, intangible assets	5,6		1,077			247	
Impairment loss on asset under construction			927			299	
Revaluation of non-current assets	5,6,12		-			-	
<b>Depreciation and impairment</b>			21,422			19,721	
Auditor's remuneration and expenses <sup>(2)</sup>			559			520	
<b>Total non-cash items</b>				21,981			20,241
				247,545			227,557

(1) Public Private Partnership (PPP) gross costs were £188,736,000 (2022–23: 178,485,000). 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 £21,000 (2022–23: £8,359,000). The treatment is outlined in accounting policy note 1.4.

(2) The Audit remuneration costs includes fees for the Product Accounts statutory audit of £448,000 (£450,000 in 2022–23) and for the Resource Accounts statutory audit fees of £111,000 (£70,000 in 2022–23).

## 4 Income

### 4.1 Operating income

	2023–24 £000	2023–24 £000	2022–23 £000	2022–23 £000
Operating income comprises:				
Business-to-business	64,905		69,265	
<b>Income from sale of goods and services</b>		64,905		69,265
Other receipts	-		-	
<b>Other operating income</b>		-		-
<b>Total operating income</b>		<b>64,905</b>		<b>69,265</b>

## 5 Property, plant and equipment

### 5(a) Current year

	Land <sup>(1)</sup> £000	Buildings <sup>(1)</sup> £000	Information technology £000	Plant & machinery £000	Furniture & fittings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2023	-	11,236	15,865	836	2,890	-	30,827
Additions	-	385	32	-	5	-	422
Transfer from 'Assets under construction'	-	-	-	-	-	-	-
Disposals	-	-	(366)	-	(34)	-	(400)
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>-</b>	<b>11,621</b>	<b>15,531</b>	<b>836</b>	<b>2,861</b>	<b>-</b>	<b>30,849</b>
<b>Depreciation</b>							
At 1 April 2023	-	(6,051)	(14,871)	(522)	(1,850)	-	(23,294)
Charged in year	-	(1,142)	(482)	(43)	(300)	-	(1,967)
Disposals	-	-	366	-	32	-	398
Reclassification	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>-</b>	<b>(7,193)</b>	<b>(14,987)</b>	<b>(565)</b>	<b>(2,118)</b>	<b>-</b>	<b>(24,863)</b>
<b>Carrying amount</b>							
<b>At 31 March 2024</b>	<b>-</b>	<b>4,428</b>	<b>544</b>	<b>271</b>	<b>743</b>	<b>-</b>	<b>5,986</b>
<b>Owned assets</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>271</b>	<b>352</b>	<b>-</b>	<b>660</b>
<b>Leased assets</b>	<b>-</b>	<b>4,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,428</b>
<b>IFRIC 12 assets</b>	<b>-</b>	<b>-</b>	<b>507</b>	<b>-</b>	<b>391</b>	<b>-</b>	<b>898</b>
<b>Total</b>	<b>-</b>	<b>4,428</b>	<b>544</b>	<b>271</b>	<b>743</b>	<b>-</b>	<b>5,986</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. Additions include lease extensions for the two short-term leases capitalised in the prior year.

5(b) Prior year

	Land <sup>(1)</sup> £000	Buildings <sup>(1)</sup> £000	Information technology £000	Plant & machinery £000	Furniture & 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 <sup>(1)</sup>	-	-	-	-	-	-	-
<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.

## 6 Intangible assets

### 6(a) Current year

	Information technology software £000	Software licences £000	Website £000	Assets under construction <sup>(1)</sup> £000	Total £000
<b>Cost or valuation</b>					
<b>At 1 April 2023</b>	146,301	19,545	20,684	15,239	201,769
Additions <sup>(1)</sup>	-	8	-	28,620	28,628
Transfer from 'Assets under construction' <sup>(2)</sup>	3,171	-	-	(3,171)	-
Revaluation	5,816	-	842	-	6,658
Impairment	-	-	-	(927)	(927)
Disposals	(2,722)	(1,153)	-	-	(3,875)
<b>At 31 March 2024</b>	<b>152,566</b>	<b>18,400</b>	<b>21,526</b>	<b>39,761</b>	<b>232,253</b>
<b>Amortisation</b>					
<b>At 1 April 2023</b>	(98,100)	(17,258)	(20,097)	-	(135,455)
Charged in year	(16,232)	(1,010)	(209)	-	(17,451)
Revaluation	(4,450)	-	(827)	-	(5,277)
Disposals	1,647	1,153	-	-	2,800
<b>At 31 March 2024</b>	<b>(117,135)</b>	<b>(17,115)</b>	<b>(21,133)</b>	<b>-</b>	<b>(155,383)</b>
<b>Carrying amount</b>					
<b>At 31 March 2024</b>	<b>35,431</b>	<b>1,285</b>	<b>393</b>	<b>39,761</b>	<b>76,870</b>
<b>Owned assets</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>39,761</b>	<b>39,846</b>
<b>Leased</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IFRIC 12 assets</b>	<b>35,346</b>	<b>1,285</b>	<b>393</b>	<b>-</b>	<b>37,024</b>
<b>Total</b>	<b>35,431</b>	<b>1,285</b>	<b>393</b>	<b>39,761</b>	<b>76,870</b>

(1) Assets under construction totalled £39.76 million at 31 March 2024. 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.

(2) Information technology software was revalued during the year using an appropriate Office for National Statistics (ONS) index. This was the Computer Services Producer Price Index produced by ONS. The net increase in value of the assets was £1.381 million.

6(b) Prior year

	Information technology software £000	Software licences £000	Website £000	Assets under construction <sup>(1)</sup> £000	Total £000
<b>Cost or valuation</b>					
<b>At 1 April 2022</b>	126,361	18,359	20,185	20,875	185,780
Additions	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 2022</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>(2)</sup>	(974)	-	(484)	-	(1,458)
Disposals	4,926	-	-	-	4,926
<b>At 31 March 2022</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 2022</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 assets</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) Information technology software was revalued during the year using an appropriate Office for National Statistics (ONS) index. This was the Computer Services Producer Price Index produced by ONS. The net increase in value of the assets was £1.154 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

	2024 £000	2023 £000
<b>Amounts falling due within one year</b>		
Deposits and advances	28	77
Prepayments	440	897
Accrued income	3,163	3,605
Other receivables	-	-
Consolidated Fund – debtor due to be paid from Consolidated Fund	-	-
<b>Total trade and other receivables</b>	<b>3,631</b>	<b>4,579</b>

## 9 Cash and cash equivalents

	2024 £000	2023 £000
<b>Balance at 1 April</b>	7,710	217
Net change in cash and cash equivalent balances	(2,850)	7,493
<b>Closing cash and cash equivalents balance</b>	<b>4,860</b>	<b>7,710</b>
<b>The following balances are held at:</b>		
Government Banking Service	4,860	7,710
<b>Balance at 31 March</b>	<b>4,860</b>	<b>7,710</b>

## 10 Client funds

	2024 £000	2023 £000
<b>Balance at 1 April</b>	98,383	96,761
Net change in client funds balances	25,751	1,622
<b>Closing client funds balance</b>	<b>124,134</b>	<b>98,383</b>
<b>The following balances are held at:</b>		
Government Banking Service	124,134	98,383
<b>Balance at 31 March</b>	<b>124,134</b>	<b>98,383</b>
<b>Corresponding liability for payments to be made on behalf of HMRC, HM Treasury</b>	<b>(124,134)</b>	<b>(98,383)</b>

Client funds are being held on behalf of HM Revenue & Customs (HMRC) for the operation of the Tax-Free Childcare scheme, which was launched in 2017. The balance held in the account for HMRC was £104,434,000 (2023: £81,225,000). NS&I is also holding £179,170,000 (2023: £167,725,000) 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 £8,551,000 on behalf of HM Treasury (2023: £7,892,000) in the operation of the Help to Buy Scheme, which was launched in 2019.

NS&I is also holding £11,149,000 (2023: £9,266,000) on behalf of HMRC for the operation of the Help to Save scheme, which was launched in 2018. It is also holding £212,534,000 (2023: £198,947,000) 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

	2024 £000	2023 £000
<b>Amounts falling due within one year</b>		
VAT	89	93
Taxation and social security	373	335
Advances and deposits	56	58
Trade payables	2,993	3,680
Other payables	356	306
Accruals	28,592	30,690
Deferred income	1,009	1,263
Lease liabilities <sup>(2)</sup>	1,354	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	4,860	7,710
<b>Total trade and other payables</b>	<b>39,682</b>	<b>45,146</b>
<b>Amounts falling due after more than one year</b>		
Deferred income <sup>(1)</sup>	1,512	2,267
Lease liabilities payable in more than one year <sup>(2)</sup>	4,112	4,891
<b>Non-current liabilities</b>	<b>5,624</b>	<b>7,158</b>
<b>Total trade payables and other liabilities</b>	<b>45,306</b>	<b>52,304</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	2024 £000	2023 £000
<b>Revaluation reserve changes</b>			
Balance in revaluation reserve 1 April		(4,225)	(4,703)
Total downward revaluation	6	-	-
Upward revaluation	5,6	(1,381)	(1,154)
<b>Revaluation movement</b>		<b>(1,381)</b>	<b>(1,154)</b>
Depreciation adjustment		1,647	1,632
<b>Subtotal</b>		<b>1,647</b>	<b>1,632</b>
<b>Balance at 31 March</b>		<b>(3,959)</b>	<b>(4,225)</b>

## 13 Leases

### 13(a) Current year

	Land £000	Buildings £000	Information technology £000	Plant & machinery £000	Furniture & fittings £000	Total £000
<b>Right of use assets</b>						
As at 1 April 2023	-	5,185	-	-	-	5,185
Additions	-	385	-	-	-	385
Depreciation expense	-	(1,142)	-	-	-	(1,142)
<b>As at 31 March 2024</b>	<b>-</b>	<b>4,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,428</b>

NS&I brought on £10.889 million right of use asset at 1 April 2022 for the lease at Wearside House in Durham. The net value of the asset at that date was £5.687 million. The net book value of the asset at 31 March 2024 was £4.235 million (2023: £4.962 million). Included as additions are £0.39 million leased assets relating to lease extensions for two short-term leases.

### 13(b) Prior year

	Land £000	Buildings £000	Information technology £000	Plant & machinery £000	Furniture & fittings £000	Total £000
<b>Right of use assets</b>						
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>



### Lease liabilities

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

	2024 £000	2023 £000
Buildings:		
Not later than one year	1,395	1,009
Later than one year and not later than five years	3,465	3,465
Later than five years	722	1,589
<b>Total</b>	<b>5,582</b>	<b>6,063</b>
Less interest element	(116)	(161)
Present value of obligations	<b>5,466</b>	<b>5,902</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 (PPP) 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

	2024 £000	2023 £000
Amounts falling due within one year	106,706	103,644
Net present value of amounts falling due within two to five years	–	69,200
<b>Total</b>	<b>106,706</b>	<b>172,844</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 January 2023, 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:

## 15 Other commitments

The following shows the future contract payments that NS&I is committed to at 31 March 2024:

	<b>2024</b>
	<b>£000</b>
Amounts falling due within one year	104,913
Value of amounts falling due within two to five years	181,740
Value of amounts falling due over five years	–
<b>As at 31 March</b>	<b>286,653</b>

The increased future contract payments at 31 March 2024 are due to the signing of transformation programme contracts for procurement package B (IBM) and procurement package C (Sopra Steria).

	<b>2023</b>
	<b>£000</b>
<b>Comparable figures at March 2023 were:</b>	
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>

## 16 Contingent liabilities disclosed under IAS 37

NS&I did not have any provisions at 31 March 2024 (31 March 2023: 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 transactions 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 & 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.

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March</b>		
Executive Directors and Non-executive Directors	190	376

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 them 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 115.

### Scope of the Product Accounts

These accounts record transactions for the year ended 31 March 2024 on retail savings and investment products administered by NS&I and balances in respect of these products as at that date. They do not include:

- *The investment or use of funds.* Customer funds are not directly invested by NS&I. They are passed to the National Loans Fund (NLF) to fund public sector activity.
- *NS&I's administration costs.* These are funded by Parliamentary Vote. They are accounted for separately in the Accountability Report section of the Annual Report and in the Resource Accounts. However, the interest and prizes costs on NS&I products are included in the total cost of servicing the national debt, and these costs are therefore reflected as a charge on both the NLF account and these accounts.
- *Business-to-business activities.* NS&I holds funds on behalf of other government departments as part of its business-to-business activities. These monies are included in NS&I's resource accounts, where relevant, and do not form part of the Product Accounts.

### Products governed by the National Debt Act 1972

Children's Bonds (previously known as Children's Bonus Bonds)	The National Savings (No.2) Regulations 2015
65+ Guaranteed Growth Bonds	The National Savings (No.2) Regulations 2015
Green Savings Bonds	The National Savings (No.2) Regulations 2015
Guaranteed Income Bonds and Guaranteed Growth Bonds (previously known as Fixed Rate Savings Bonds)	The National Savings (No.2) Regulations 2015
Investment Guaranteed Growth Bonds	The National Savings (No.2) Regulations 2015
Income Bonds	The National Savings (No.2) Regulations 2015
Premium Bonds	The National Savings (No.2) Regulations 2015
Savings Certificates	The National Savings (No.2) Regulations 2015

### Products governed by the National Savings Bank Act 1971

Direct Saver Account	The National Savings Regulations 2015
Individual Savings Account	The National Savings Regulations 2015
Investment Account	The National Savings Regulations 2015
Junior Individual Savings Account	The National Savings Regulations 2015
Residual Account	The National Savings Regulations 2015

As part of NS&I's dormancy strategy, matured fixed-term holdings, which cannot be renewed for a further term and remain unclaimed after 30 days, are transferred to

### The National Loans Fund

The NLF is central government's main borrowing and lending account. The NLF undertakes borrowing and uses the proceeds to meet any deficits on the Consolidated Fund. Most of the NLF's borrowing needs are met indirectly through borrowing on its behalf by NS&I and the Debt Management Office (DMO). The NLF ends each day with a nil balance on its bank account because any cash surpluses or deficits are offset by transfers to or from the Debt Management Account. HM Treasury is responsible for the operation of the NLF and guarantees to honour NS&I's products' terms and conditions. In legal terms, section 120 of the Finance Act 1980 (in respect of investment deposits) and section 12 of the National Loans Act 1968 (for other NS&I payments) both make provision for such repayments to be issued from the NLF with recourse to the Consolidated Fund. Should the NLF prove insufficient, payment (customer liability) will be a charge on the Consolidated Fund and against the tax revenue being raised.

### NS&I's products and regulation

NS&I's Product Accounts cover transactions and balances on all NS&I's products.

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

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 2024

During the financial year 2023–24 customer investments grew to £230.5 billion from the £218.3 billion reported at the end of the prior financial year (2022–23). We received £65.7 billion (2022–23: £53.7 billion) from investors whilst payments to investors were £62.1 billion (2022–23: £48.6 billion). Interest and prizes earned by investors totalled £8.7 billion (2022–23: £5.5 billion). The overall increase in investor funds for the financial year was £12.3 billion (2022–23: £10.6 billion). Our Net Financing for the financial year, which excludes Green Savings Bonds as these are a policy product, was £11.3 billion (2022–23: 10.0 billion).

In 2023–24, we made four changes to the Premium Bonds prize fund rate, with the rate moving from 3.30% at the beginning of the financial year to 4.40% in March 2024. In addition to increasing the prize fund rate, we made two changes to the odds of each £1 Premium Bond winning a prize with the odds changing from 24,000 to 1 at the start of the financial year to 22,000 to 1 in August 2023, and then 21,000 to 1, with the final change for the financial year taking effect in September 2023.

The financial year 2023–24 saw us increasing the interest rates on some of our variable rate products. Interest rates for Direct Saver and Income Bonds increased from 2.85% for both products to 3.65% and 3.59%, respectively, in August 2023. In the same month we increased the interest rates on our Individual Savings Accounts (ISA) and Junior Individual Savings Accounts (Junior ISA), with the interest rates for the two products moving from 2.15% to 3.00% for ISA and 3.40% to 4.00% for Junior ISA. Our Investment Account customers also benefitted in August 2023 from an interest rate increase from 0.60% to 1%.

We also made changes to the interest rates on some of our fixed rate products over the course of the 2023–24 financial year. In August 2023 the interest rate increased on our 1-year Guaranteed Growth Bonds and Guaranteed Income Bonds from 4% and 3.90% to 6.20% and 6.03% respectively. The month of October 2023 saw both our 1-year Guaranteed Growth Bonds and Guaranteed

Income Bonds being withdrawn from general sale and becoming only available for existing customers wishing to renew their investments. The interest rates on the 1-year guaranteed bonds subsequently moved to 4.15% for 1-year Guaranteed Growth Bonds and 4.07% for 1-year Guaranteed Income Bonds in January 2024.

In addition to these changes, our 2023–24 financial year also saw interest rate changes being made for existing customers reinvesting into our 2-year, 3-year, and 5-year Guaranteed Growth Bonds and Guaranteed Income Bonds (which were not on general sale during 2023–24). In making the rate changes we sought to ensure that NS&I's products continued to be priced appropriately as compared to the rest of the savings market. Rates for our 2-year Guaranteed Growth Bonds and Guaranteed Income Bonds moved from 4.20% to 3.85% and 4.10% to 3.78%, respectively, over the course of the financial year, and the rates for reinvesting in our 3-year Guaranteed Growth Bonds and Guaranteed Income Bonds moved from 4.20% to 3.45% and 4.10% to 3.40%, respectively, during 2023–24. The rate for reinvestments into our 5-year Guaranteed Growth Bonds and Guaranteed Income Bonds moved to 3.15% and 3.11% by the end of our 2023–24 financial year from 4.25% and 4.15%, respectively, at the beginning of the year.

The 2023–24 financial year also saw our 3-year fixed rate Green Savings Bonds back on general sale with three new issues being introduced: issue 5 in August 2023 at 5.70%, followed by issue 6 in November 2023 at 3.95% and issue 7 in January 2024 at a rate of 2.95%. In setting the interest rates for these new issues of our Green Savings Bonds, we sought to reflect market conditions prevailing in the fixed rate product market at the time. By investing in the Green Savings Bonds, our customers continue to help fund green projects across the UK as part of the previous government's Green Financing Framework.

Throughout the 2023–24 financial year, we continued to encourage a stronger savings culture through our retail product changes whilst 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 75 to 78.

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

	Note	2023–24 £000	2022–23 £000
<b>Income</b>			
Interest and prizes financed by the NLF	4	8,694,483	5,481,557
Interest and prizes financed by the NLF		8,694,483	5,481,557
<b>Cost</b>			
Interest and prizes earned by investors		(8,694,483)	(5,481,557)
Interest and prizes earned by investors	2	(8,694,483)	(5,481,557)
<b>Income less cost</b>		<b>-</b>	<b>-</b>

The notes on pages 104 to 114 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	2024 £000	2023 £000
<b>Current assets</b>			
Held by the NLF	4	228,226,939	215,413,402
Other receivables	5	256,363	340,546
Cash and cash equivalents	9	2,065,946	2,517,650
<b>Total current assets</b>	10	<b>230,549,248</b>	<b>218,271,598</b>
<b>Current liabilities</b>			
Liability to investors	6	(221,177,131)	(215,047,372)
Other payables	7	(5,890)	(16,546)
<b>Total current liabilities</b>	10	<b>(221,183,021)</b>	<b>(215,063,918)</b>
<b>Net current assets</b>		<b>9,366,227</b>	<b>3,207,680</b>
<b>Non-current liabilities</b>			
Liability to investors	6	(9,366,227)	(3,207,680)
<b>Total non-current liabilities</b>	10	<b>(9,366,227)</b>	<b>(3,207,680)</b>
<b>Assets less liabilities</b>		<b>-</b>	<b>-</b>

The notes on pages 104 to 114 form part of these accounts.



**Dax Harkins**  
**Chief Executive**  
**National Savings and Investments**  
18 July 2024

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

	Note	2023–24 £000	2022–23 £000
<b>Cash flows from operating activities</b>			
Income less cost		-	-
Increase in net funds held by the NLF	8	(12,813,537)	(10,178,635)
Decrease in other receivables	5	84,183	6,809
Increase in total funds invested	2	12,288,306	10,627,845
Decrease in other payables	7	(10,656)	(144)
<b>Net cash flow from operating activities</b>		<b>(451,704)</b>	<b>455,875</b>
<b>Net (Decrease)/Increase in cash and cash equivalents in the period</b>	9	(451,704)	455,875
<b>Cash and cash equivalents at the beginning of the period</b>	9	2,517,650	2,061,775
<b>Cash and cash equivalents at the end of the period</b>	9	<b>2,065,946</b>	<b>2,517,650</b>

The notes on pages 104 to 114 form part of these accounts.

## Notes to the Product Accounts

### 1 Statement of accounting policies

These accounts are prepared in accordance with the 2023–24 *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 2024. 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 will supersede IFRS 4 Insurance Contracts in periods beginning on or after 1 January 2023. However, implementation of this standard has not yet been included in the FReM. The standard as adapted and interpreted by the FReM, will be effective from 1 April 2025, with 1 April 2024 comparatives. IFRS 17 will have no impact on the Product Accounts as they do not contain any contracts that have been assessed to be 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 2024 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 National Loans Fund (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 2024
	£000	£000	£000	£000	£000	£000
Children's Bonds	-	2	(2,795)	(1,233)	(4,026)	2,434
Direct Saver	17,780,280	957,503	(23,369,038)	-	(4,631,255)	26,882,697
Guaranteed Bonds	19,180,223	936,795	(3,535,820)	-	16,581,198	28,872,525
Income Bonds	6,125,742	624,716	(9,252,218)	-	(2,501,760)	17,493,717
Individual Savings Account	579,816	120,772	(701,451)	-	(863)	4,463,909
Investment Account	171,223	17,724	(596,581)	-	(407,634)	1,876,267
Junior Individual Savings Account	108,390	14,297	(40,617)	-	82,070	418,720
Premium Bonds	20,483,148	5,188,508	(22,991,863)	-	2,679,793	125,946,431
Residual Account	1,957	1,440	(22,405)	1,233	(17,775)	671,516
Savings Certificates	331,309	783,227	(1,575,342)	-	(460,806)	22,030,068
<b>Sub total</b>	<b>64,762,088</b>	<b>8,644,984</b>	<b>(62,088,130)</b>	<b>-</b>	<b>11,318,942</b>	<b>228,658,284</b>
Green Savings Bonds	933,796	49,499	(13,931)	-	969,364	1,885,074
<b>Total</b>	<b>65,695,884</b>	<b>8,694,483</b>	<b>(62,102,061)</b>	<b>-</b>	<b>12,288,306</b>	<b>230,543,358</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 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
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>Sub total</b>	<b>53,082,654</b>	<b>5,472,750</b>	<b>(48,554,710)</b>	<b>-</b>	<b>10,000,694</b>	<b>217,339,342</b>
Green Savings Bonds	622,660	8,807	(4,316)	-	627,151	915,710
<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>

Net Financing for 2023–24 is £11.32 billion (2022–23: £10.00 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 Growth Bonds and Guaranteed Income Bonds.

The notable events section on page 100 of these accounts discloses notable occurrences in the product range during the period.

### 3 Interest and prizes

	Note	2023–24 £000	2022–23 £000
Total interest and prizes earned in year	2	(8,694,483)	(5,481,557)
Add accrued interest and prizes opening balance		(1,579,002)	(1,030,666)
Less interest capitalised in year		3,589,302	2,603,432
Less interest and prizes paid in year		5,067,117	2,350,085
Add movements in out-of-date warrants and outstanding prizes in year		(36,949)	(20,296)
<b>Accrued interest and prizes at 31 March</b>	6	<b>(1,654,015)</b>	<b>(1,579,002)</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	2023–24 £000	2022–23 £000
Balance at 1 April		215,413,402	205,234,767
Interest and prizes financed by the NLF		8,694,483	5,481,557
Received from the NLF	8	(60,875,128)	(48,031,385)
Paid to the NLF	8	64,994,182	52,728,463
<b>Balance at 31 March</b>		<b>228,226,939</b>	<b>215,413,402</b>

The amount held by the NLF includes interest and prizes accrued in 2023–24 of £1,489,496,000 (2022–23: £1,451,432,000).

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

	2024 £000	2023 £000
Agents	255,627	340,279
Other receivables	736	267
<b>Total</b>	<b>256,363</b>	<b>340,546</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 £000	Accrued interest and prizes £000	Liability 31 March 2024 £000
<b>Current liabilities</b>			
Children's Bonds	2,434	-	2,434
Direct Saver	26,882,697	-	26,882,697
Guaranteed Bonds	24,635,241	482,960	25,118,201
Income Bonds	17,422,707	71,010	17,493,717
Individual Savings Account	4,348,532	115,377	4,463,909
Investment Account	1,871,602	4,665	1,876,267
Junior Individual Savings Account	405,214	13,506	418,720
Premium Bonds	125,355,735	590,696	125,946,431
Residual Account	665,448	6,068	671,516
Savings Certificates	18,014,834	288,405	18,303,239
<b>Total current liabilities</b>	<b>219,604,444</b>	<b>1,572,687</b>	<b>221,177,131</b>
<b>Non-current liabilities</b>			
Guaranteed Bonds	3,716,564	37,760	3,754,324
Green Savings Bonds	1,852,436	32,638	1,885,074
Savings Certificates	3,715,899	10,930	3,726,829
<b>Total non-current liabilities</b>	<b>9,284,899</b>	<b>81,328</b>	<b>9,366,227</b>
<b>Total liability to investors</b>	<b>228,889,343</b>	<b>1,654,015</b>	<b>230,543,358</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 (£1,654,015,000) is accrued interest in respect of the principal liability to investors. Note 4 discloses accrued interest (£1,489,496,000) in respect of balances held by the NLF. The difference

between these amounts is due to outstanding interest liabilities (£164,519,000) 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 Savings Certificates made on or after 23 July 2023, Guaranteed Bonds from 1 May 2019 onwards and Green Savings Bonds, which repay at maturity.

## 6(b) Prior year

	Principal liability £000	Accrued interest and prizes £000	Liability 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>

## 7 Other payables

	2024 £000	2023 £000
NLF	132	228
Other payables including sales repayments and evidence of identity repayments	5,758	16,318
<b>Total</b>	<b>5,890</b>	<b>16,546</b>

## 8 Movement in net funds held by the NLF

	2023–24 £000	2022–23 £000
Received from the NLF	60,875,128	48,031,385
Paid to the NLF	(64,994,182)	(52,728,463)
Net inflow to the NLF	(4,119,054)	(4,697,078)
Interest and prizes payable to investors	(8,694,483)	(5,481,557)
<b>Increase in net funds held by the NLF</b>	<b>(12,813,537)</b>	<b>(10,178,635)</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

	2024 £000	2023 £000
<b>Balance at 1 April</b>	<b>2,517,650</b>	<b>2,061,775</b>
Net change in cash and cash equivalent balances	(451,704)	455,875
<b>Balance at 31 March</b>	<b>2,065,946</b>	<b>2,517,650</b>

## 10 Categorisation of financial assets and liabilities

	2024 £ 000	2023 £ 000
<b>Assets</b>		
Financial assets measured at amortised cost	228,483,302	215,753,948
Cash and cash equivalents	2,065,946	2,517,650
<b>Total</b>	<b>230,549,248</b>	<b>218,271,598</b>
<b>Liabilities</b>		
Current financial liabilities measured at amortised cost	(221,183,021)	(215,063,918)
Non-current financial liabilities measured at amortised cost	(9,366,227)	(3,207,680)
<b>Total</b>	<b>(230,549,248)</b>	<b>(218,271,598)</b>

## 11 Market, liquidity and credit risk

NS&I is an Executive Agency of the Chancellor of the Exchequer and a non-ministerial government department. 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 were 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 Savings Certificates made on or after 23 July 2023, Guaranteed Bonds from 1 May 2019 onwards, 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:

	2024 Variable rate, prize- based and index-linked products £000	2024 Fixed rate products £000	2024 Non-interest bearing products £000	2024 Total £000
Maturing in one year or less or repayable on demand	194,389,798	26,713,231	74,102	221,177,131
Maturing in more than one year but not more than two years	331,122	1,282,187	-	1,613,309
Maturing in more than two years but not more than five years	2,939,487	4,813,431	-	7,752,918
<b>Total</b>	<b>197,660,407</b>	<b>32,808,849</b>	<b>74,102</b>	<b>230,543,358</b>

### 12(b) Prior year

	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>

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

	2024 Total per accounts £000	2024 Fair value £000
<b>Assets</b>		
Held by the NLF	228,226,939	228,163,173
Other receivables	256,363	256,363
Cash and cash equivalents	2,065,946	2,065,946
<b>Total</b>	<b>230,549,248</b>	<b>230,485,482</b>
<b>Liabilities</b>		
Fixed rate products	(32,808,849)	(32,745,083)
Variable rate products	(197,660,407)	(197,660,407)
Non-interest bearing products	(74,102)	(74,102)
Other payables	(5,890)	(5,890)
<b>Total</b>	<b>(230,549,248)</b>	<b>(230,485,482)</b>

### 13(b) Prior 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>

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 2024 £000	Level 2 2024 £000	Total 2024 £000
<b>Assets</b>			
Held by the NLF – fixed rate products	–	32,723,255	32,723,255
Held by the NLF – variable rate products	–	195,182,791	195,182,791
Other assets <sup>(1)</sup>	2,579,436	–	2,579,436
	<b>2,579,436</b>	<b>227,906,046</b>	<b>230,485,482</b>
<b>Liabilities</b>			
Liability to investors – fixed rate products	–	(32,745,083)	(32,745,083)
Liability to investors – variable rate products	–	(197,660,407)	(197,660,407)
Other liabilities <sup>(2)</sup>	–	(79,992)	(79,992)
	–	<b>(230,485,482)</b>	<b>(230,485,482)</b>

### 14(b) Prior 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>

(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 non-ministerial 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, pages 99 and 100. In addition, note 4 contains details of the NLF transactions.

Neither the Economic Secretary to HM Treasury, nor any NS&I board member, nor any key manager or other related party, has undertaken any material transactions with NS&I during the year. Ministers, NS&I 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 98 of this Annual Report and 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. During 2023–24 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 of authorisation of these accounts by the Comptroller and Auditor General. 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

Friday, 25 March 2022

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## Departmental report information

The 2023–24 Departmental report information shown in the tables on the following pages is not consistent with the information shown in the 2023–24 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.

## Departmental report information

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	Outturn 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	182,740	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>182,740</b>	<b>211,564</b>
<i>of which:</i>								
Pay	12,987	14,717	15,278	15,101	14,716	16,793	19,141	18,580
Net current procurement <sup>(1)</sup>	106,914	111,838	102,960	146,486	140,909	147,716	161,690	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	1,350	3,846
Other	450	450	450	450	450	520	559	520
<b>Resource AME</b>								
Section B: Administration	(739)	(58)	451	-	-	-	-	700
<b>Total resource AME</b>	<b>(739)</b>	<b>(58)</b>	<b>451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>
<i>of which:</i>								
Pay	-	-	-	-	-	-	-	-
Net current procurement <sup>(1)</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
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>182,740</b>	<b>212,264</b>
<i>of which:</i>								
Depreciation	19	222	707	221	185	1,050	1,350	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 resource budget AME and capital budget AME less depreciation in AME.

(6) Includes amounts required for IFRS 16 Accounting for operating leases.

## Departmental report information

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	Outturn 2023-24 £000	Plans 2024-25 £000
<b>Capital DEL</b>								
Section A: Administration	-	-	-	16	58	11,454	29,030	10,560
<b>Total capital DEL</b>	-	-	-	<b>16</b>	<b>58</b>	<b>11,454</b>	<b>29,030</b>	<b>10,560</b>
<i>of which:</i>								
Net capital procurement <sup>(4)</sup>	-	-	-	16	58	11,100	9,460	10,560
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-
Capital support for local government	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-
Other <sup>(6)</sup>	-	-	-	-	-	354	385	-
<b>Capital AME</b>								
<b>Total capital AME</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>	-	-	-	16	58	11,454	29,030	10,560
<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>210,420</b>	<b>218,278</b>
<i>of which:</i>								
Total DEL	121,090	127,063	118,237	162,053	156,133	176,483	210,420	217,578
Total AME	(739)	(58)	451	-	-	-	-	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 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**

	Supply Estimate				Supplementary Estimate				Final provision	Final outturn	Differences
	Admin	Other current	Gross total	A in A	Net total	Change in gross provision	Change in A in A	Change in net provision			
Resources	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in DEL	330,753	-	330,753	(80,000)	250,753	(56,660)	-	(56,660)	194,093	182,740	11,353
Spending in AME	700	-	700	-	700	-	-	-	700	-	700
<b>Total</b>	<b>331,453</b>	<b>-</b>	<b>331,453</b>	<b>(80,000)</b>	<b>251,453</b>	<b>(56,660)</b>	<b>-</b>	<b>(56,660)</b>	<b>194,793</b>	<b>182,740</b>	<b>12,053</b>

	Supply Estimate				Supplementary Estimate				Final provision	Final outturn	Differences
					Capital	Change in gross provision	Change in A in A	Change in net provision			
Capital					£000	£000	£000	£000	£000	£000	£000
Spending in DEL	-	-	-	-	9,460	56,556	-	56,556	66,016	29,030	36,986
Spending in AME	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,460</b>	<b>56,556</b>	<b>-</b>	<b>56,556</b>	<b>66,016</b>	<b>29,030</b>	<b>36,986</b>

**Table 3: NS&I capital employed**

	Outturn 2017-18	Outturn 2018-19	Outturn 2019-20	Outturn 2020-21	Outturn 2021-22	Outturn 2022-23	Outturn 2023-24	Plans 2024-25
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assets on balance sheet at end of year</b>								
<b>Non-current assets</b>								
Intangible	60,430	63,253	56,067	66,628	64,290	66,314	76,870	84,000
<b>Property plant &amp; equipment</b>	10,035	9,426	6,715	3,204	2,623	7,533	5,986	12,038
<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	544	3,000
Plant and machinery	799	692	615	401	358	314	271	517
Furniture and fittings	1,872	2,869	2,307	1,774	1,181	1,040	743	1,521
Right of use assets	-	-	-	-	-	5,185	4,428	7,000
Assets under construction	-	-	-	-	-	-	-	-
Other receivables	3,091	-	-	-	-	-	-	-
<b>Current assets</b>	24,099	77,755	49,263	76,015	99,531	110,672	132,625	110,000
Creditors <1 year	(37,917)	(93,868)	(69,437)	(93,261)	(124,067)	(143,572)	(163,816)	(155,000)
Provisions <1 year	-	-	-	-	-	-	-	-
Creditors >1 year	(21,095)	(15,598)	(9,129)	(4,456)	(3,530)	(7,115)	(5,624)	(4,000)
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>46,041</b>	<b>47,038</b>



## Departmental report information

Table 4: Administration budget

	Outturn 2017-18 £000	Outturn 2018-19 £000	Plans 2019-20 £000	Outturn 2020-21 £000	Outturn 2021-22 £000	Outturn 2022-23 £000	Outturn 2023-24 £000	Plans 2024-25 £000
Section A: Administration	121,109	127,285	118,944	162,258	156,260	166,079	182,740	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>182,740</b>	<b>211,564</b>
<i>of which:</i>								
Pay	12,987	14,717	15,278	15,101	14,425	15,694	19,141	18,580
Expenditure	163,891	173,947	160,340	197,470	194,939	218,344	227,495	272,984
Income	(55,769)	(61,379)	(56,674)	(50,313)	(53,104)	(67,959)	(63,896)	(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	1 April 2024
Permanent	184	191	210	202	198	203	211	231
Others	3	9	2	4	3	3	7	1
<b>Total</b>	<b>187</b>	<b>200</b>	<b>212</b>	<b>206</b>	<b>201</b>	<b>206</b>	<b>218</b>	<b>232</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 and staff 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	Outturn 2023-24 £000
Consultancy services	-	-	-	3,723	6,118	10,241	3,295
Professional services	2,180	1,796	1,934	2,252	6,444	13,918	21,390
Contract staff	456	742	234	252	329	1,099	1,510
Other services	1,304	1,409	1,051	1,312	1,241	1,133	1,411
<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>	<b>27,606</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 (B2B) 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 162,000 customers with a total of £3.6 billion held under the control of the civil courts in England and Wales, including the Court of Protection.

### Customer Interaction Centre (CIC)

NS&I's CIC manages all telephone sales and enquiries, as well as handling customer emails and social media queries. It is operated and managed in partnership with Atos.

### Departmental Expenditure Limit (DEL)

The expenditure limit within which a government department has responsibility for resource allocation. See also 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 HM Revenue & Customs 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



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### Twitter

For customer enquiries



For media enquiries



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### Telephone

For sales and general enquiries, call us free on



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.



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### Post

Write to us at



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### Thank you

NS&I would like to thank all colleagues for their contribution to the 2023–24 Annual Report and Accounts.





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