

National Savings and Investments  
Estimates Memorandum  
Main Estimates 2024-25

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## 1. Overview

### 1.1. Objectives

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

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

- Creating value through delivering cost-effective financing 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.

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

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

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

### 1.2. Spending controls

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

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

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

### 1.3. Comparison of net spending totals sought

The table below sets out how the net spending sought for NS&I compares with the previous year. NS&I's RDEL for 2024-25 has increased by 27.6 per cent compared to the final budget agreed at the 2023-24 Supplementary Estimate and decreased by 1.23 per cent compared to the original budget agreed at the 2023-24 Main Estimate. NS&I drew down a Supplementary Estimate in 2023-24 that reduced its RDEL by £56.66 million from £250.75million to £194.09 million. However, for part of the RDEL reduction NS&I transferred £41.69 million to CDEL

Spending total amounts sought 2024-25 (including IFRS16 adjustments)		Compared to 2023-24 final budget (Supplementary Estimate 2023-24)		Compared to 2023-24 original budget (Main Estimate 2023-24)	
(Main Estimate 2024-25)					
	£m	%	£m	%	£m
Resource DEL	247.67	+27.60	-53.58	-1.23	-3.08
Capital DEL	10.56	-84.00	-55.46	+11.63	+1.1
Resource AME	0.7	-	-	-	-
Capital AME	-	-	-	-	-
Net cash Requirement	254.94	-1.88	-4.88	-1.92	-4.98

### 1.4. Key drivers of spending changes since last year

NS&I's Net Resource DEL requirement increased from £194.09 million in 2023-24 to £247.67 million in 2024-25 – an increase of 27.60 per cent. Within this, NS&I's B2B activities will deliver a net contribution to costs of £8.60 million in 2024-25 (£11.04 million in 2023-24).

The 2024-25 budget reflects £93.4million of RDEL and £9.9 million of CDEL funding to be used for the purposes of transforming the business and the re-procurement of business processes. This builds on the extensive work undertaken during the course of 2020-21, 2021-22, 2022-23 and 2023-24.

The 2024-25 budget reflects an additional £4.78m RDEL to deliver the British Savings Bond announced at the Spring Budget 6<sup>th</sup> March 2024.

Key drivers to the spending profile are:

- Further investment in NS&I's transformation programme, building on the work that was undertaken from 2020-21 onwards. The transformation programme remains a key enabler for the delivery of NS&I's strategy.
- Net Financing targets agreed with HM Treasury drive the Demand Linked Service Charge. The target for 2023-24 is £9billion (+/-£4 billion).
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## 1.5. New policies and programmes

### **Green Retail Savings Product**

Alongside delivering Net Financing, NS&I continues to support savers through the offer of the green retail savings bond. We launched three new issues of the product in 2023-24 (August 2023, November 2023 and January 2024). This product is designed to create greater awareness of green savings within a new market, to be attractive to younger savers and gives UK savers the opportunity to support projects that will accelerate the transition to a low carbon economy, create green jobs, and participate in the collective effort to tackle climate change. The Green Savings Bonds is issued under the same UK Government Green Financing Framework as the UK's Green Gilt programme.

### **British Savings Bond**

Following an announcement in the March 2024 Budget, we launched British Savings Bonds. The product offers consumers a guaranteed, fixed interest rate. It aims to increase the savings opportunities available to consumers in the UK. A 3-year term went on sale in April 2024 and a 1-year term in May 2024.

### **Policy support – Help to Save, 30 hours Child Care and Mortgage guarantee scheme**

For 2024-25, we will continue to deliver for our B2B clients and government through the delivery of the expansion of the 30 hours free childcare and the extension of Help To Save (until April 2025). Additionally, we were also pleased that we were able to support the previous Government with the Mortgage Guarantee Scheme, implementing at pace an extension for a further 18 months (until 30 June 2025).

### **Business Transformation Programme (Rainbow)**

Since securing the approval of our outline business case for the Business Transformation Programme (Rainbow) in March 2021, and entering formal delivery, we have continued to make progress to move from our single outsource supplier to a multi-supplier model – giving us increased control over the future services delivered to our customers.

In 2022, all procurement packages were launched, and we awarded our first major contract to IBM for delivery of digital integration and service operations. Additionally, we awarded Capgemini a two year contract to help provide services to support us in designing and building the Service Integration and Management (SIAM) function, to support our multi-supplier model. They will also provide capacity to run the service while we recruit internal resource to implement and embed the new function.

In September 2023 HM Treasury approved the Full Business Case for the NS&I Business Transformation Programme. In October we awarded Sopra Steria the contract to deliver our customer contact centres and 'back office' operations. In December we awarded IBM the contract to deliver mobile and online services to our customers and integration services to connect our new multi-supplier model. 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

## 1.6. Ambit changes

There are no changes to NS&I's ambit

### **Departmental Expenditure Limit**

*Expenditure arising from:*

*Cost of delivery of National Savings and Investments operations, and leveraged activities with other bodies including administration, operational research and development works, transformation activity, other payments and non-cash items. Other payments including payments in respect of recovered losses. And expenditure on capital items.*

*Income arising from:*

*The leveraging of National Savings and Investments core infrastructure and capabilities and associated contracts including rent receipts and other receipts such as loss recovery payments. The sale of assets resulting in some capital income that will be used as sale proceeds.*

### **Annually Managed Expenditure**

*Expenditure arising from:*

*Non cash movements in provisions including and changes to fair value of National Savings and Investment's properties.*

## 1.7. Spending and income trends

The following table sets out historic outturn against budget for both RDEL and CDEL; the overall RDEL spending and income trends for the last five years and the plans presented in Estimates for 2024-25.

The total underspend for 2023-24 was £12.01 million. A substantial part of the underspend relates to the depreciation ring-fence (£2.5 million), staff related costs (£0.8 million), an increase in income (£1.9 million) and programme costs (£5.1 million). The remaining underspend was made up of a number of minor variances against budget which materialised over the course of the year.

CDEL requirements have been low since 2019-20, however, these have started to increase significantly as NS&I further develops the multi supplier operating model. In 2023-24 over £28.6 million was spent on the development of NS&I's Business Transformation Programme.

<b>Previous year's expenditure against Departmental Expenditure Limits</b>					
Year	Voted	Non-Voted	Total	Outturn	Variance
	£000	£000	£000	£000	£000
Resource					
2019-20	123,294	-	123,294	118,943	4,351
2020-21	167,870	-	167,870	162,257	5,613
2021-22	164,320	-	164,320	156,260	8,060
2022-23	176,576	-	176,576	166,079	10,497
2023-24 (1)	194,093	-	194,093	182,740	11,353
2024-25	247,672	-	247,672	N/A	N/A
Capital					
2019-20	650	-	650	-	650
2020-21	661	-	661	16	645
2021-22	661	-	661	58	603
2022-23	28,118	-	28,118	11,454	16,664
2023-24 (1)	66,016	-	66,016	29,030	36,986
2024-25	10,560	-	10,560	N/A	N/A

(1)2023-24 Outturn and variance are provisional

Gross spending increased by 5.38% in 2023-24 in comparison to 2022-23. This increase was due to increased expenditure on NS&I's transformation programme. Gross Income decreased by £4.06 million.

At the 2023-24 Supplementary Estimates NS&I reduced its RDEL level from £250.75 million to £194.09 million. This was a reduction of 22.60%. The net reduction was £56.66 million:

Reduction in RDEL of £57.318m from £97.600m to £40.282m for delivering the re-procurement and implementation of our outsourced business process services through the NS&I Business Transformation Programme (Rainbow). The revised budgetary requirement for 2023-24 was the result of the rescheduling to support the modernisation of NS&I's infrastructure. From the RDEL reduction of £57.318 million, £41.696 million has been transferred to CDEL to cover the implementation and build costs for the transformation.

Additional RDEL of £0.398m from Reserve in relation to the Moorlands site in Blackpool to cover charges relating to the ongoing security of the building while GPA are activity looking to sell the building.

Additional RDEL of £0.260m in relation to Green Savings Bonds (GSB) maturity option costs.



## 1.8. Administration costs and efficiency plans

### Administration costs

NS&I's RDEL control total is classified as administration. Amounts sought for 2024-25 and a comparison against 2023-24 budgets is provided at section 1.3.

### Efficiency plans

NS&I through the delivery of its transformation programme has a strong emphasis on Productivity and efficiency. Benefits expected are as follows:

- Reduced running costs – making reductions to the costs to run the business post transformation that will impact for the duration of the Rainbow Business Case modelling period and beyond.
- Improved customer experience – significantly enhancing the services our customers receive, the cost to serve and the time to deliver customer-facing enhancements.
- Increased business agility – increasing the pace at which new changes and services can be delivered, enabling NS&I to be more responsive to the needs of customers and our stakeholders.
- Increased social value – increasing the broader impacts of running the NS&I business through engagement with our supply chain to deliver tangible value.
- Increased security and resilience – enhancing our security and resilience and ensuring a dedicated focus on managing and monitoring potential cyber threats, while ensuring services are scalable to deal with changes in demand

## 1.9. Funding: Spending Review and Budgets

The 2024-25 resourcing levels were agreed during Spending Review 2021, with an increase to the budget agreed by HM Treasury in relation to the NS&I Transformation Programme and delivery of the British Savings Bond. Resourcing levels include funding for the purposes of delivering the transformation of NS&I's outsourced services in the NS&I Transformation Programme (Rainbow). In



September 2024 the Full Business Case for the NS&I Transformation Programme was approved by HM Treasury. The resourcing for the Rainbow Programme is subject to regular reporting to HM Treasury Debt and Reserves Management (DRM) team through the NS&I board.

£m	2021-22	2022-23	2023-24 (1)	2024-25
<b>Total RDEL, including depreciation</b>	<b>164.32</b>	<b>166.08</b>	<b>182.74</b>	<b>247.67</b>
o/w excluding depreciation	161.92	165.03	181.39	243.82
o/w depreciation ring fence	2.4	1.05	1.35	3.85
<b>Administration budget</b>	<b>164.32</b>	<b>166.08</b>	<b>182.74</b>	<b>247.67</b>
o/w excluding depreciation	161.92	165.03	181.39	243.82
o/w depreciation ring fence	2.4	1.03	1.35	3.85
<b>CDEL</b>	<b>0.66</b>	<b>11.45</b>	<b>29.03</b>	<b>10.56</b>

(1) Provisional Outturn

## 2. Spending and income detail

### 2.1. Explanations of changes in spending detail

The table below sets out the key movements between the 2024-25 and 2023-24 RDEL budgets.				
RDEL	2024-25 Main Estimates budget sought	2023-24 Supplementary Estimates budget approved	Year-on-year movement	
£m	£m	£m	£m	%
Total RDEL excluding depreciation	243.82	190.24	+53.58	+28.16
O/W Infrastructure investment (ring-fenced)	-	40.28	-40.28	-100
Depreciation (ring-fenced)	3.85	3.85	-	-
<b>Total RDEL</b>	<b>247.67</b>	<b>194.09</b>	<b>+53.58</b>	<b>+27.61</b>

The table below sets out the key movements between the 2024-25 and 2023-24 CDEL budgets.				
CDEL	2024-25 Main Estimates budget sought	2023-24 Supplementary Estimates budget approved	Year-on-year movement	
£m	£m	£m	£m	%
Total CDEL	10.56	66.02	-55.46	-84.00
O/W Infrastructure investment (ring-fenced)	-	50.50	-50.50	-100.00
O/W Right to Use assets (IFRS 16)	-	14.86	-14.86	-100.00
Total CDEL	10.56	66.02	-55.46	-84.00

### 2.3. Changes to contingent liabilities

NS&I has no contingent liabilities which are reportable to Parliament.

## 3. Priorities and performance

### 3.1. How spending relates to objectives

All of NS&I's expenditure is classed as Administration. Each of NS&I's objectives is delivered through this resource.

### 3.2. Measures of performance against each priority

NS&I's 2024-25 Annual Report and Accounts (due to be published in 2025) will set out performance against NS&I's Service Delivery Measures. The table below sets out how NS&I's Service Delivery Measures contribute to the three strategic aims:

Service Delivery Measures (2024-25)	Targets
Net Financing	£9 billion (+/-£4.0 billion)
Customer Satisfaction	80%
Digital First	87%
Efficient Administration of Funds	Less than 7.2 basis points
Government Payment Services performance delivery	95%
Employee Engagement	NS&I to be a high performing department

### 3.3. Major projects

NS&I has one major project in its portfolio, the Business Transformation Programme (formally the Rainbow Programme) which is scheduled to run to at least the end of the current outsourcing arrangements in 2025. The Business Transformation Programme concerns decoupling NS&I's IT infrastructure, banking engine re-engineering, process automation to support modernisation and resilience, continuation of paper reduction strategy and a move to more digitalisation with support for vulnerable and digitally excluded customers. The investment that will be made during 2024-25 will be RDEL circa £93.42 and CDEL circa £9.9m. A number of discretionary change projects are also being undertaken for 2024-25 that will deliver benefits for the business in the future.

## 4. Accounting Officer Approval

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

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