

Accounting Officer Assessment: NS&I's Business Transformation (formerly Rainbow) Programme

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects and then assess whether they measure up to the standards set out in Managing Public Money. NS&I's Business Transformation Programme is one such project.

Background

National Savings and Investments (NS&I) has embarked on a major programme of business modernisation and transformation which includes re-procurement of our outsourced business process service delivery and implementation of a new delivery model.

There is a need to ensure the future viability of the business to provide HM Treasury with a vital alternative source of cost-effective funding; respond to changing customer expectations; and resolve challenges with the operational resilience of our manual processes and aged technology. The current service delivery model is no longer fit for purpose and will be subject to increasing costs, due to legacy technical constraints, costs to deliver the services, and the need to operate in a competitive retail savings market. Moreover, the current contracting approach requires modernisation to increase competition, harness specialist provision and enable NS&I to directly control services.

A procurement event has taken place and service packages have been awarded to a number of suppliers¹, who are now in the process of transitioning and implementing their solutions. This disaggregation of services presents an opportunity for NS&I to transform its operating model with the following key aims:

1. Measurably reduce the costs of running the business.
2. Become a self-service digital business with support for vulnerable and excluded people.
3. Deliver more nimbly, reduce risk and enhance scalability.

Substantial progress has been made on the Business Transformation Programme since its inception in 2020. Core procurement packages have been awarded and suppliers are beginning to refine and develop their solutions and plan their delivery. The procurement packages are as follows:

- **Digital Integration and Service Operations** (Procurement Package A) – the technical and operational centre of the multi-supplier business, as well as a central security monitoring service.
- **Digital Experience and Enablement** (PPB) – delivering digital customer services such as an NS&I app, website, etc.
- **Contact Centre and Operations** (PPC) – delivering direct customer interaction across phone, web chat, email, post, print, document management and letters.
- **Core Banking, Payments and Reporting** (PPD) – delivering modern banking software, payment capabilities and knowledge and insight solutions.
- **Business-to-Business (B2B) Services** (PPE) – a short-term bridging contract for delivery of services by NS&I for other government departments.

These services are supported by internal Enterprise Architecture and Service Integration & Management capabilities, augmented by service delivery partners, which are also in the process of being designed and built.

However, now the programme has entered the delivery and implementation phase, key issues such as contract award delays and the greater complexity of the end-to-end solution than originally envisaged, has required us to make a change to our plans:

¹ Package A and B awarded to IBM; Package C and E to Sopra Steria; Atos were announced as preferred bidder for Package D in December 2023.

- (i) Atos was announced as preferred bidder for the PPD contract in December 2023. However, progress towards a final contract award was challenging, with negotiations to finalise the contract protracted. They took place at a difficult time for Atos: the company was going through a period of well-documented corporate restructuring.
- (ii) Un-picking and re-integrating 25 years of complex IT infrastructure has been more challenging than originally envisaged.
- (iii) NS&I requires further support to ensure the transition phase is fully resourced and managed effectively.

As a result, NS&I is currently implementing a recovery plan, has re-negotiated elements of our business transformation timeline, and re-forecast the cost over the ten-year life of the programme. A new phased release approach has been adopted to deliver the new solutions across all packages, between now and Autumn 2028.

In December 2024, NS&I reached an agreement with Atos to deliver a modernised banking engine and to continue to run NS&I's core retail savings systems and processes, while NS&I complete the transition of customer-facing services to its new providers (IBM, Sopra Steria).

This agreement is based on contractual provisions within the original NS&I-Atos business process outsourcing agreement and will run until March 2028, a shorter term than originally envisaged which would have also seen Atos run the modernised banking engine through to March 2032, with an option to extend to March 2034. In parallel with the completion of the new agreement, NS&I will now run a procurement competition for a provider to run the new banking systems from the end of the Atos agreement for a multi-year period to be defined.

Sopra Steria Limited (SSL) was selected as the successful supplier for PPE, covering NS&I's business-to-business (B2B) services and a 3-year contract was signed in June 2023 for SSL to deliver these services between April 2024 and March 2027, while NS&I implemented the new multi-supplier model in its retail savings business. However, following the contract award, it became clear that the complexity of transitioning B2B services to SSL meant it would require a different solution to that contracted for, that would exceed the original costs and deadlines.

As a result, in March 2024 NS&I signed an agreement with Atos to continue to deliver B2B services until March 2025 to enable all parties to understand the impact of this unforeseen complexity. However, given the level of cost, risk and complexity required to continue with the transfer of B2B services, NS&I and SSL have now concluded that it is not feasible given the contract's short lifespan. It has therefore been mutually agreed to end the B2B service agreement with SSL.

In December 2024, NS&I secured HM Treasury and ministerial agreement to reach a settlement agreement with SSL and maintain B2B services with Atos. Following this, both were secured with Atos to continue to run B2B services through to 31 March 2027, with extension options until 31 March 2028.

This revised approach for the Business Transformation Programme will ensure a safe and managed transition of critical services and data from the incumbent. The decision to take this route was made after evaluation of a range of potential options against key criteria, including ensuring continuity of service for our customers, the speed of implementation, value for money and the risk of legal challenge.

A revised Full Business Case (FBC) was approved by the Chief Secretary to the Treasury and the Economic Secretary to the Treasury on 20 December 2024. As part of this approval, NS&I will meet a series of conditions focusing on cost control, delivery timescales and enhanced reporting into HM Treasury.

This Accounting Officer Assessment has been undertaken by me, Dax Harkins, NS&I Accounting Officer and Chief Executive, as an update to the previous assessment in April 2021. I have received advice from the SRO of the Business Transformation Programme, our legal advisers, and through the Programme governance mechanisms such as Programme Board and Executive Committee, which contains key stakeholders from across the business.

This assessment reflects updates in response to events that have occurred as the Business Transformation Programme has entered the delivery and implementation phase.

This Accounting Officer Assessment considers the four accounting officer standards of regularity, propriety, value for money and feasibility.

Assessment against the Accounting Officer standards

Regularity

NS&I is both a non-ministerial government department and an Executive Agency of the Chancellor of the Exchequer. It is responsible for raising cost-effective financing for government by issuing and selling retail savings and investment products to the public. It provides administration services to other government departments (through Government Payment Services) and helps deliver government policy. The National Debt Act 1972 and National Savings Bank Act 1971 detail the existence of NS&I and set out my authority, as Director of Savings, for carrying out the business of NS&I.

The Business Transformation Programme covers re-procurement of NS&I's outsourced business process service delivery and transformation of our operating model.

Expenditure on the Business Transformation Programme falls within the ambit of NS&I's Estimate, namely:

Cost of delivery of National Savings and Investments operations, and leveraged activities with other bodies including administration, operational research and development works, other payments and non-cash items.

The additional costs were submitted as part of Phase 1 of Spending Review 2025 and the expected whole life costs of the programme over 10 years, along with the legal and procurement assessments, were outlined in the revised FBC which was approved by the Chief Secretary to the Treasury and the Economic Secretary to the Treasury on 20 December 2024.

Summary: Specific commercial and legal input has been provided and potential provisions/contingent liabilities have been identified, and I am satisfied that no issues of regularity arise, with all necessary approvals being secured where items go beyond the Accounting Officer's delegated authority.

Propriety

The Business Transformation Programme is compliant with parliamentary control procedures and expectations. The Business Transformation Programme forms part of the Government Major Projects Portfolio (GMPP) and will continue to engage with the Infrastructure and Projects Authority (IPA), Cabinet Office Complex Transactions Team and Crown Commercial Service to ensure it follows best practice.

The assessments undertaken in support of the Business Transformation Outline Business Case and FBC align with relevant government legislation, regulations and guidance including the Public Contracts Regulations (PCR) 2015 Services (GLS) Model Services Contract (MSC), Government Digital Service (GDS) Technology Code of Practice, Crown Commercial Services (CCS) Balanced Scorecard, and Government Commercial Function's (GCF) Outsourcing Playbook.

The recent IPA review made recommendations in respect of additional governance. These are addressed through an inflight recovery plan and with a series of subsequent reviews that will assess implementation progress against those recommendations.

Summary: Specific commercial and legal input has been provided and I am satisfied we are undertaking the most appropriate course of action and no issues of propriety arise.

Value for Money

In line with the HM Treasury Green Book, appraisal of the key options has taken place, including a 'minimum investment' option, which is contained within the revised FBC.

Summary: There are no significant concerns regarding value for money of the Business Transformation Programme. The analysis within the FBC concludes that in comparison to alternative proposals or doing nothing, the preferred option provides value for money.

Feasibility

Since the previous assessment, the programme has run a series of successful procurements, with a good level of interest from the market, and now secured a way forward for the transformation of the banking engine. The programme has successfully onboarded all new suppliers, and ways of working have been established.

There is now an inflight recovery plan to address the recommendations of the independent IPA review. The agreement with Atos to deliver a modernised banking engine and run our core systems and processes while we transition customer-facing services to our new providers, secures service continuity and the most complex element of the transformation, and FBC approval provides a revised financial envelope to deliver the updated approach.

While delivery of a programme of this scale will always be challenging and require iteration, we now have the key elements in place to drive the programme forward.

Summary: While we continue to work through the recovery plan, the additional mitigations in place and the revised delivery approach, provide the most effective route to delivering the Business Transformation Programme to the intended timescale.

Conclusion

I have considered this assessment of the NS&I Business Transformation Programme against the four accounting officer standards of regularity, propriety, value for money and feasibility. I am satisfied that the Programme has the legal powers, meets the standards in Managing Public Money and the requirements of the Green Book, and have secured HMT approvals in the areas where I do not have delegated authority. I am therefore satisfied that the Business Transformation Programme represents good use of public resources.

As the Accounting Officer for NS&I, I considered this assessment of the Business Transformation Programme and approved it on 28 November 2024.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the lifetime of this project, I undertake to prepare a revised summary, setting out my assessment of them.

This summary will be published on the government's website (GOV.UK). Copies will be deposited in the Library of the House of Commons and sent to the Comptroller and Auditor General; the Treasury Officer of Accounts; and the Chair of the Public Accounts Committee.

Dax Harkins

NS&I Accounting Officer & Chief Executive