



Framework document

August 2009

Foreword

National Savings & Investments (“NS&I”) is a Government Department and became an Executive Agency of the Chancellor of the Exchequer in 1996.

As an integral part of the Government’s debt management arrangements, NS&I is responsible for providing cost effective financing by issuing and selling savings and investment products to the public.

NS&I is one of the largest savings organisations in the UK, with £94.9 billion of investors’ money as at end-December 2008 and annual cashflows in excess of £20bn.

Its partnership with Siemens IT Services and Solutions, to whom NS&I outsources the servicing of its products, has proved highly successful, winning the Private Finance Initiative Award and being judged by the National Audit Office to be *...capable of delivering significant benefits*. This has enabled NS&I to consistently meet its key performance targets, and help keep down the cost of Government financing.

NS&I can be proud of the impressive transformation that has been achieved in the last few years. This spirit of improvement and innovation is now being applied to building a modern, best-practice organisation to deliver long-term sustainable value to stakeholders.

This framework document gives NS&I the freedom to secure its future success, allowing it to develop as a business, whilst retaining challenging performance targets and preserving its core values.

I wish all those who work for NS&I, its business partners or suppliers, every success in the future.

Lord Myners, Financial Services Secretary to the Treasury

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National Savings & Investments produces an Annual Report & Accounts which provides a fuller description of the activities undertaken by the business.

Status, Aim and Objectives

Status

National Savings & Investments ("NS&I") is a Government Department and is an integral part of the Government's debt management arrangements, responsible for providing financing by issuing and selling savings and investment instruments to the public. It was established as an Executive Agency of the Chancellor of the Exchequer on 1 July 1996. NS&I's performance as an Executive Agency was reviewed in 2000 and again in 2005 and its status as an Executive Agency confirmed.

NS&I currently employs around 130 staff, mainly in its West London Office. 4000 staff employed in NS&I's operations activities were transferred on 1 April 1999 to Siemens IT Services and Solutions ("Siemens") under a ten year PPP contract. NS&I and Siemens extended the contract during 2005 until 2014, an additional 5 years on the existing contract. NS&I has also outsourced many other services.

Aim, Strategic and Key Objectives

NS&I's aim is to help reduce the cost to the taxpayer of Government borrowing now and in the future.

To achieve this NS&I's strategic objective is to:

- provide retail funds for the Government that are cost effective in relation to funds raised on the wholesale market

In doing this NS&I seeks to balance the interests of customers (offering fair rates of interest), HM Treasury (delivering agreed Net Financing) and supporting financial stability (maintaining an appropriate competitive position).

Key business objectives for NS&I to deliver its strategic objective are:

- to improve the competitiveness of the overall offer to customers;
- to ensure levels of customer service which meet standards of best practice in the retail financial services sector; and
- to develop a more flexible and responsive business that can meet a range of requirements for HM Treasury.

Key Performance Areas

NS&I's success will be assessed against targets in four performance areas:

- Financing Remit: this will cover NS&I's success in providing the financing required by the Government more cost effectively than alternative means;
- Customer Service: this will cover NS&I's success in retaining high levels of customer service and satisfaction, particularly whilst delivering the three key business objectives above;
- Value for Money: this will cover NS&I's success in improving its efficiency and effectiveness in delivering its aim; and
- Financial Services: this will cover NS&I's performance against key Financial Services Sector benchmarks, including measures of customer service, customer satisfaction and fraud management.

Targets will be agreed with Ministers as part of the business planning process.

Accountability

The Chancellor of the Exchequer

The Chancellor is responsible for:

- determining the policy and financial framework within which NS&I operates;
- approving the interest rates and the terms and conditions of NS&I products;
- appointing the Chief Executive and non-executive members to the NS&I Board; and
- setting and monitoring key performance targets for NS&I.

The policy framework comprises:

- this framework document;
- a Corporate Plan for NS&I updated annually; and
- an annual "Financing Remit" setting out the financing required from NS&I, the relative cost effectiveness of the financing compared with gilts and any constraints upon how the financing is to be raised.

The Chancellor may delegate these responsibilities to another Minister within HM Treasury. In discharging these responsibilities the Chancellor may wish to seek advice from HM Treasury officials and from the non-executive members of the NS&I Board who will offer such advice in a personal capacity.

The Chief Executive

The Chancellor of the Exchequer delegates management of NS&I to the Chief Executive. The Chief Executive is appointed by the Chancellor of the Exchequer.

The Chief Executive is accountable to the Chancellor of the Exchequer for the performance of NS&I in accordance with this framework document and the Corporate Plan.

The Chief Executive is appointed by HM Treasury as **Accounting Officer** for NS&I. As such they are accountable for the NS&I annual and product accounts and for the proper, effective and efficient use of public funds, and may be required to appear before the Public Accounts Committee. They are also responsible for ensuring that the requirements of government accounting are met and that NS&I observes any general guidance issued by central departments.

The NS&I Board

The NS&I Board is advisory; it has no statutory function. It works with the Chief Executive to develop corporate policy, ensure good governance and monitor performance. The NS&I Board comprises the Chief Executive, Executive Directors, at least two non-Executive Directors, one of whom acts as Chairman, and HM Treasury officials.

Accountability to Parliament

The Chancellor of the Exchequer is answerable to Parliament for all matters concerning NS&I and will deal with questions of policy and enquiries from Members of Parliament (MPs) and Members of the European Parliament (MEPs) who specifically seek a ministerial response. MPs and MEPs will however be encouraged to communicate directly with the Chief Executive on individual cases or operational issues.

Services and Customers

Services and Products

NS&I is the UK issuer and distributor of non-marketable government securities to the retail market. Any other or ancillary services or products that NS&I may develop must not conflict with the primary objective of cost-effective funding.

In the provision of any products or services NS&I's offering will be consistent with the principles below and the brand values of security, integrity and straightforwardness - delivered with a human touch, pace and confidence.

Customers

NS&I will be accountable to customers for its products and services including those provided by its agents and suppliers. To assist this it will:

- comply with the relevant regulations and codes of practice;
- respond to customer correspondence within the targets set in its Service Delivery Agreement; and
- seek to resolve any complaints about services or products and where this is not possible refer any allegations of maladministration to the Parliamentary Commissioner and all other issues to the Financial Ombudsman Service.

Stakeholders

NS&I's stakeholders include customers, Government, HM Treasury, partners and suppliers, other institutions involved in debt management and its own staff. NS&I will endeavour to keep all stakeholders informed of its progress and plans. Enquiries from stakeholders will be answered speedily and accurately.

Services First

NS&I will apply all the principles of Public Service Delivery to best practice levels and will seek private as well as public sector benchmarks to measure performance.

Finance, Planning and Reporting

Financial arrangements

NS&I will operate within the resources voted annually by Parliament.

The Chief Executive has full financial authority within the voted monies for which they are accountable. These financial responsibilities are delegated to the Chief Executive by the Chancellor of the Exchequer.

Planning

NS&I will prepare a Corporate Plan. The plan will cover strategic issues over a period of at least three years and will be reviewed annually. The plan will be submitted annually to the Chancellor of the Exchequer and will:

- state NS&I's aim and strategic objectives;
- identify the key external factors likely to affect delivery of strategic objectives;
- identify and explain key projects;
- set out the resources required to deliver the objectives and their proposed deployment; and
- set out the key performance targets and measures.

The plan will be supported by a detailed one year financing plan explaining how NS&I proposes to deliver the financing remit.

Reporting

NS&I will prepare an Annual Report and Accounts in accordance with such guidance as HM Treasury and the Cabinet Office may issue.

The Annual Report will review the operations of NS&I over the preceding year and will provide details of performance against targets. The Annual Report and Accounts will be published and laid before both Houses of Parliament in accordance with the timetable set by HM Treasury.

NS&I will prepare such other accounts of the transactions with investors and balances held as HM Treasury may require.

Audit

NS&I will be subject to external audit by the Comptroller & Auditor General who will certify the accounts.

The Chief Executive is responsible for commissioning internal audit services required to ensure proper and efficient management of NS&I's affairs to discharge his or her responsibilities as Accounting Officer. NS&I's internal audit arrangements will conform to HM Treasury standards.

People

The Chief Executive is responsible for setting NS&I's human resource policies and managing its staff.

Terms and conditions of service

NS&I's staff are crown employees and subject to the Civil Service Management Code. The Chief Executive in exercising their responsibilities will have regard to guidance and regulations issued by the central departments and the Civil Service Commissioners.

Staff relations

The Chief Executive is responsible for maintaining good staff relations and will consult with staff and their representatives as appropriate.

Pay and performance

Subject to central guidance issued by the Government the Chief Executive has responsibility for pay bargaining and is responsible for setting the terms and conditions of service for all NS&I staff who are not members of the Senior Civil Service.

Staff development

NS&I will ensure that its staff are developed and trained so that they are able to make the maximum contribution to the success of the NS&I's business.

NS&I is an accredited Investor in People and will seek to retain accreditation.

Equal opportunities

NS&I is an equal opportunities employer. The Chief Executive is responsible for ensuring that NS&I has and operates in accordance with an equal opportunities policy which is consistent with central government guidance.

Framework

Review

The NS&I Board and HM Treasury will formally review the framework under which NS&I operates no later than June 2014. The review will make recommendations for change to the Chancellor of the Exchequer.

If at any time it becomes apparent to the NS&I Board or to the Chancellor of the Exchequer this Framework Document is no longer appropriate the Chief Executive together with HM Treasury officials will prepare a revised text for consideration.

Publication

Copies of this Framework document and any subsequent amendments will be posted on the NS&I website.