



National Audit Office

The UK's independent public spending
watchdog

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NAO REPORT ON RAIL REFORM

Thank you for your email request of 18 April 2024 requesting further information from the NAO report on [Rail reform: the rail transformation programme](#). Your request has been considered under the terms of the Freedom of Information Act 2000 (FOIA).

The FOIA provides a legal right of access to recorded information held by a public authority, but it is subject to certain exemptions that may apply. While we hold some information within the scope of your request, we consider that information to be exempt from disclosure under **Section 33** (public audit functions) of the FOIA.

Your original request has been reproduced in **Annex A** for your reference. **Annex B** provides a full explanation of the Section 33 exemption, how it applies to your request and our consideration of the public interest test. We can, however, set out what we say in our report that's relevant to your questions and what DfT set out before Parliament recently if that would be helpful.

In regard to your question about how much of the £2bn savings for the three years up to March 2025 would not be cash-releasing savings, DfT reported that it would be a significant proportion as we set out in paragraph 2.11 and Figure 10. This was part of its updated figures to December 2023. However, these remain forecasted figures and so there is not yet a confirmed total for non-cash releasing savings.

In terms of where non-cash releasing savings may be coming from, as we set out in more detail in note 3 of Figure 10, this relates to savings where DfT would be spending more than planned against its assumptions in the 2021 Spending Review due to inflation. This is because DfT calculates some of its savings against a benchmark of the retail prices index (RPI) at time of expenditure. This has resulted in savings against its benchmark. We also set out in para 2.11 that early savings would primarily come from workforce reform.

Since your request, DfT has also provided some further information around its workforce savings. You may be aware that the Public Accounts Committee held an evidence session last month with DfT on its inquiry on rail reform. During the session ([Questions 80-88](#)), set out examples of the savings made at Network Rail in relations to its workforce.

I am sorry we are not able to share all the information that you requested on this occasion but hope that what we have provided has been of assistance.

Annex C sets out the steps you may wish to take if you are not satisfied with the way we have handled your request for information under FOIA.

Yours sincerely,

NAO FOI Team

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Cert No. 8835

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Annex A

Request for information regarding the NAO report on rail reform.

(Your request is in italics below)

"I'm just getting in touch regarding the NAO report on [rail reform](#).

On p30, the report states that "DfT reported that in its revised December 2023 forecast a significant proportion of the £2 billion savings it estimates to make over the three years to the end of 2024-25 will not be cash-releasing savings."

I am just wondering if you have any more information on this? Specifically around whether the DfT said how much of the £2bn would not be cash-releasing savings, and for the non-cash releasing savings where they anticipated these coming from?"

Annex B

This annex sets out the exemption that we have applied to your request.

Section 33 Freedom of Information Act 2000 – Public Audit

Section 33 of the FOIA provides that:

(1) This section applies to any public authority which has functions in relation to -

(a) the audit of the accounts of other public authorities, or

(b) the examination of the economy, efficiency and effectiveness with which other public authorities use their resources in discharging their functions.

(2) Information held by a public authority to which this section applies is exempt information if its disclosure would, or would be likely to, prejudice the exercise of any of the authority's functions in relation to any of the matters referred to in subsection (1).

Reasons why we have applied the Section 33 exemption:

We have applied Section 33 exemption to the information we hold within the scope of your request. This information was provided by the department in confidence, and we believe that disclosing this information under the FOI Act would be likely to prejudice the effective performance of our public audit functions going forward and therefore we have applied Section 33 exemption to your request.

The audit process is enhanced significantly by audited bodies or third-party entities responding promptly to information requests and/or volunteering information to support a constructive, timely and effective audit. Disclosure by the NAO of sensitive information beyond that required for audit reporting purposes would impair the provision of audit information in the future. It would reduce, if not cut off, critical information flows. It would also incentivise audited bodies to take a minimalist approach to NAO information requests or, in the case of bodies whose engagement is optional, serve to discourage such information sharing altogether.

An effective, efficient audit is supported through an open and constructive approach between the NAO and the audited body. As such it is critically important that we have a safe space to gather information and knowledge and can engage in a free and frank way with audited bodies. The release of this information would remove this safe space - precipitating a backdrop of increased challenge and procedure around requests for audit information. This would require the NAO to formally assert our statutory access rights more frequently and potentially seek to enforce them, leading to significant delay, escalation of issues and increased audit costs.

Section 17(3) of the Budget Responsibility and National Audit Act 2011 places a duty on the C&AG to "aim to

carry out functions effectively and cost effectively". Given the above factors, we consider that our disclosure of the information requested would be at odds with this statutory requirement – it would serve to undermine the effectiveness and increase the cost of the C&AG's public audit functions.

For the reasons set out above, we consider it appropriate to apply the public audit exemption available under Section 33(2) of the FOIA.

Reasons why the public interest in maintaining the exclusion outweighs the public interest in disclosing the information in this case:

The NAO is independent of government and scrutinises public spending on behalf of Parliament. Our work serves the public interest by providing transparency on matters of public interest and driving improvement in the use of public resources.

We recognise there is a public interest in knowing the use of public money is subject to appropriate levels of accountability and transparency. However, we consider the disclosure of the specific information we have withheld would be likely to reduce the effectiveness of the audit process for the reasons set out above.

The NAO's work puts information into the public domain and helps Parliament hold government to account. In our view, the balance of public interest rests with the NAO being able to deliver an effective and efficient public audit function and report our findings in public. Consequently, given the negative impact that would result from disclosure, we consider it appropriate to maintain the Section 33 public audit exemption.

Annex C

Statement of Policy

Our policy is to respond to requests made under the Freedom of Information Act 2000 as helpfully and promptly as possible, having regard to the principles set out in the Act. I therefore hope you are happy with the way we have handled your request. If you are not, then you should take the following steps.

In the first instance, within 40 working days, write to the National Audit Office Freedom of Information (FOI) Team at FOI@nao.org.uk or by post to:

FOI Team, Green 2, National Audit Office, 157-197 Buckingham Palace Road, London, SW1W 9SP

The FOI and Correspondence Manager will arrange a review, which will be conducted by a senior member of staff who was not involved in decisions relating to your original request. Once the review has been completed, we will write informing you of the outcome.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The primary way of escalating your concerns to the Information Commissioner is at: www.ico.org.uk/foicomplaints

Alternatively, you can contact the ICO at <https://ico.org.uk/> or Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF.