



National Audit Office

The UK's independent public spending watchdog

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Reference FOI-1771

Date 16 December 2024

MANAGEMENT LETTER TO HS2 LTD

Thank you for your FOI request to the National Audit Office (NAO) dated 18 November 2024. You asked for a copy of the NAO's management letter to HS2 Ltd following our review of whistleblowing concerns about management manipulation of HS2 cost forecast information.

We have handled your request 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 the information that you requested, we have decided to withhold it under Section 33 of the FOIA (audit functions). The reasons for this and our consideration of the public interest test are explained below.

Reasons why we have applied Section 33(1)

For the NAO to carry out its statutory functions, and to be able to engage in an effective and comprehensive audit, some information is required to be exchanged in confidence on the understanding that it will not be shared beyond that required for auditing purposes. Disclosure of such information would impair the provision of audit information in the future, and would reduce, if not cut off, critical information flows.

It is vital that we have a safe space to gather information and knowledge and engage in free and frank discussions with audited bodies, in this case HS2. The release of the information you requested would remove this safe space and would be likely to prejudice the effective performance of our public audit function going forward. It would be likely to lead to increased challenge 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, formal proceedings and increased audit costs. This would conflict with Section 17(3) of the Budget Responsibility and National Audit Act 2011 which places a duty on the C&AG to "aim to carry out functions efficiently and cost-effectively".

The Public Interest Test

We recognise that there is a public interest in knowing the use of public money is subject to appropriate levels of accountability and transparency. We also recognise that there is a public interest in promoting transparency about the NAO's work and how we investigate concerns raised with us by whistleblowers.

In this case, we communicated the outcome of the work we undertook in public correspondence. The NAO's work puts information into the public domain and helps Parliament hold government to account. Given the

negative impact that would result from disclosure of the management letter, we consider it appropriate to maintain the Section 33 exemption in this case.

I am sorry we cannot provide the information you requested on this occasion; however, I hope this explanation is helpful. If you are not happy with the way we have handled your request, you can escalate your concerns. You should write to us within 40 working days, and we will carry out an internal review in relation to your original request.

Write to the NAO (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.

Yours sincerely

FOI and Correspondence Officer

Annex A

Section 33 Freedom of Information Act 2000 – Public Audit

Section 33 of the Freedom of Information Act 2000 (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).