



National Audit Office

The UK's independent public spending watchdog

Switchboard +44 (0)207 798 7000

Direct Line +44 (0)207 798 7264

Email [FOI@nao.org.uk](mailto:FOI@nao.org.uk)

Reference FOI-1810

Date 24 April 2025

## NAO AUDIT AND OVERSIGHT OF CERBERUS ACQUISITION OF NRAM ASSETS

Thank you for your FOI request to the National Audit Office (NAO) dated 25 March 2025. You requested:

1. *"Any reports, memos, or findings from NAO audits or investigations relating to the sale of NRAM/NRAM PLC mortgage assets to Cerberus Capital Management or its subsidiaries."*
2. *"Any value-for-money assessments conducted by or for the NAO regarding this transaction."*
3. *"Any risk assessments or oversight observations related to Cerberus, Landmark Bidco, or Landmark Mortgages Limited."*

We have considered your request in accordance with the Freedom of Information Act 2000 (FOIA) and can confirm that we hold some of the information that you requested.

Regarding the first and second parts of your request, we published a value for money report on the sale of former Northern Rock assets in 2016. This report is available on our website at the following link: [The £13 billion sale of former Northern Rock assets - NAO report](#). Our findings are set out on pages 6-9 of the report.

We also hold copies of minutes that were submitted to the Comptroller & Auditor General (C&AG) at various stages of the report. However, we are withholding these under Section 33 of the FOIA (audit functions). An explanation of the Section 33 exemption, how it applies to your request and our consideration of the public interest test can be found in **Annex A**.

We do not hold any information regarding part 3 of your request. Our report looked at the transaction not the underlying companies, and therefore we do not hold any risk assessments or oversight observations relating to Cerberus, Landmark Bidco or Landmark Mortgages Ltd.

I hope the link to our report is helpful and you are happy with the way we have handled your request. If you are not happy with this response, you can ask for an internal review within 40 working days by writing to the NAO FOI Team at [FOI@nao.org.uk](mailto:FOI@nao.org.uk). 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: <https://ico.org.uk/foicomplaints>.

Yours sincerely

**FOI and Correspondence Officer**

## **Annex A**

**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 this exemption:**

The preparation of a value for money (VFM) report is an iterative process and the final published report is the product of continuous work over the examination's life cycle. We have considered the potential disclosure of the minutes that were submitted to the Comptroller & Auditor General (C&AG) at various stages of the report in response to your request and have concluded that it is necessary to apply the Section 33 audit exemption to these documents. Our reasons for non-disclosure are provided below.

- The C&AG as head of the NAO fulfils their statutory function through the publication of finalised VFM reports. The factual accuracy of each report is cleared with the audited body and the report provides the basis for sessions of Parliament's Committee of Public Accounts (PAC). This clearance process ensures that parliamentary and broader public focus is on the issues set out in the report rather than on disputing the validity of the content. The minutes you have requested do not represent the C&AG's conclusions. They relate to work in progress and their release would be likely to undermine effective accountability by shifting attention to unfinished and potentially misleading or erroneous information. The impact of this would be to disrupt the effective performance of our statutory functions as attention and resources would be diverted to engage with matters beyond our published report.
- An efficient, effective audit is supported through an open and constructive approach between the NAO and the audited body. It is critically important that we can gather audit evidence readily and can engage freely and frankly with audited bodies. Disclosing the minutes would undermine this safe space and encourage a minimalist approach to requests for information. Audited bodies would be concerned about detriment arising from the potential disclosure of sensitive, misleading or erroneous information contained in the minutes. It would precipitate increased challenge and procedure around the gathering of audit evidence. 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 NAO's role is to put properly considered and factually accurate information into the public domain, consistent with the public interest. To do this effectively, NAO staff require a safe space to develop their thinking and record ideas, uninhibited by concerns about subsequent disclosure. The release of these draft reports would serve to heighten such concerns and constrain the scope and breadth of thinking that supports the completion of high quality VFM reports.

**Reasons why the public interest in maintaining the exemption outweighs the public interest in disclosing the information:**

The C&AG and the NAO are independent of government and scrutinise public spending on behalf of Parliament. Our work serves the public interest by putting information into the public domain - helping Parliament hold government to account, providing transparency on nationally important matters, driving public service improvements and better use of public funds.

We recognise that there is public interest in knowing how the C&AG and NAO fulfil their statutory responsibilities through the conduct of their audit work. To this end, our published reports include information about our audit approach and we publish comprehensive information on our website to assist public understanding - for example, through our annual [Transparency Report](#).

For the reasons set out above, we consider that the public interest in disclosing any minutes relating to our report [The £13 billion sale of former Northern Rock assets](#) is outweighed by the public interest in ensuring that we do not prejudice the effective performance of our public audit function. Given the negative impact that would result from such disclosure, we consider it appropriate to maintain the Section 33 public audit exemption.

## **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).*