



# HM TREASURY

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Ref: 9/21

25 March 2009

Dear Mr Perrin

## Freedom of Information Act 2000: Recession

Thank you for your email dated 21 February, requesting an internal review of the decision in our letter of 5 February. Your prior email of 8 February had registered your dissatisfaction, so we were already treating that as grounds for internal review; I am sorry that we did not confirm as much. I am writing to inform you of the outcome of that review.

2. You had requested copies of all Government/Treasury documents containing predictions as to the duration (and/or end) of the current recession. We replied, referring you to the 2008 Pre-Budget Report (PBR).

### Additional points in your review request

3. You reacted, saying that you were aware of the PBR material, which you described as only a summary. You said you had wanted to elicit any related work that had not been published, including predictions that may have been made, considered and rejected etc.

4. You also complained about the advice in our response, which said that the Act provides a right to information, rather than to documents. You suggested this was condescending and not in the spirit of the Act. I apologise for any unintended offence. The point is that where information is repeated in a number of places in the documents we hold there is no need to provide the different documents where the same information appears. Unless the nature of the request made it crucial where and in what order the information appeared, we would consider it appropriate only to release one copy of such information. The comment was intended to be helpful in being transparent about the way we were addressing your request. But I recognise that the point of this was not fully explained in our response and we have reviewed the wording we use to avoid it being taken the wrong way in future and I am therefore grateful to have had your feedback.

5. For our part, the point in your complaint that we would take issue with is the comment that the PBR was only a summary. This analysis was central to the PBR report and the dedicated topic of Annex A, which itself ran to some 40 pages. We return to this point later in terms of the public interest.



## The review

6. The review was led by an official from a different Directorate to that which produced the original response, so as to ensure a fresh look at the matter. The findings of the review have been endorsed at Director level.

## Review conclusions

7. The review found that, whether your request was addressed in terms of documents or information, there was indeed relevant material that was not published. However, that conclusion needs some context.

8. There is a strong interpretive element to your request. 'Prediction' is not a word that most economists would use, because it implies too much certainty. The word used in the publication is 'forecast'. In the current circumstances of global volatility, the forecast is subject to more uncertainty than usual as is acknowledged in the PBR documentation. In particular, the forecast is explained in terms of key underlying assumptions and the forecast is a range forecast. The key sentence at A.65 of the PBR is thus best characterised as the government's judgement of the most likely scenario, rather than a prediction, with all the certainty that that word seems to carry.

9. To be helpful, I will explain something of the process that goes to produce such forecasts.

- Officials carry out ongoing monitoring and analysis of the economy; some of this could have predictive implications.
- In the run-up to the PBR and Budget the Treasury macro-econometric model will be run; this is not a question of turning the handle and watching the forecast tumble out; model runs can have a diagnostic intent rather than predictive intent, where for instance we wish to test the sensitivity of various assumptions in the round.
- A key consideration is that government interventions are themselves part of the economic picture that has to be modelled; so there is a feedback loop going on, with government putative responses to economic prospects in being incorporated in further model scenarios.
- It is not until the statement to Parliament that the package can be considered final, with the various scenarios crystallised to form the government forecast.
- Even when finalised, the 'forecast' remains subject to underlying assumptions that cannot be fully modelled, or else are inherently unpredictable.

10. These comments go some way to justify the stance taken in the first response. In passing, it is perhaps worth commenting that a different requester might not have been familiar with the PBR documentation, and in that case the pointer we provided could have been just what was wanted. However, you were dissatisfied with our stance and we are grateful for the comments you made which served to amplify the intent behind your request.

11. The review concluded in the light of your challenge that any advice to senior management and ministers that included a GDP trajectory on par with the one

published at A.65 of the PBR should have been deemed in scope, together with the underlying analysis.

12. The review went on to identify such material and consider whether it should be disclosed. It concluded that the information engaged the exemptions at section 35(1)(a) and 29(1)(a) of the Act; the material is core fiscal policy formulation and the government's economic management is key to the nation's economic success. Those exemptions are qualified ones, meaning that, even though they are clearly engaged, we have to judge in all the circumstances of the case whether the public interest in maintaining the exemption outweighs the public interest in disclosure.

13. In favour of disclosure, the review recognised that there is a public interest in the Treasury being accountable for judgements about the economy, to demonstrate that these are soundly based and free of bias. Disclosure also stands to assist public understanding and engagement. Because the judgement is in this case so central to economic management and because that issue has such important ramifications for all citizens, these factors are heightened accordingly.

14. However, the review concluded that the above factors in favour of disclosure were mitigated by the amount of information already published. The PBR and Budget vehicles are in place specifically to ensure that there is regular formal democratic scrutiny of the government's economic management. Treasury Economic forecasts are rigorously examined by Parliament, by markets, and by the press and other commentators. The National Audit Office also formally audits key assumptions to check that they are both reasonable and cautious. The amount of supporting information published around the Budget and PBR is, therefore, more than sufficient to address the public interest in transparency. Further disclosures of internal documents, far from being helpful, would require further commentary and could be confusing.

15. In favour of maintaining the s.35(1)(a) exemption, the review recognised that the exemption is class-based, rather than requiring a demonstration of prejudice arising from disclosure; however, since it is not an absolute exemption it has to be that in some circumstances the public interest in disclosure would outweigh the public interest in maintaining a private space for ministers and officials to formulate and develop policy free from premature scrutiny. The review concluded that the arguments advanced above in mitigation of the factors for disclosure meant that this was not such a case. Moreover, it noted that the enormous difficulty of the judgements in question meant that the arguments for preserving the private space weighed more heavily than usual. And it concluded that such a stance was in keeping with commentary in recent decisions coming from both the Information Commissioner and the Information Tribunal in cases where this exemption was in play.

16. The review found that similar arguments come to bear in favour of maintaining the S.29(1)(a) exemption. That exemption is prejudice-based, so that the onus is on the authority to demonstrate that the likely harm from disclosure outweighs the damage to accountability from maintaining the exemption. The principal argument here is that the Government's audience is the markets as well as the wider electorate. Because market perceptions of economic management matter, the public

interest is in allowing the Government to make as clear and coherent presentation of its strategy as possible. Forcing disclosure of half-formed analysis and forecast material would push market confidence lower. This could undermine confidence more widely, compromise economic recovery, and add to the costs of government borrowing. Against that, the review noted again that the value of disclosures in terms of accountability was, at best, slight.

17. I hope the above explanations help your understanding of our initial stance in response to your request. I understand that the outcome of the review is unlikely to be entirely to your satisfaction, but I hope this account goes some way to demonstrate that your complaint has received appropriate consideration and that we have taken a proper, fresh look at all the circumstances of the case.

18. If you are not content with the outcome of this internal review you have the right to apply directly to the Information Commissioner for a decision. The Commissioner can be contacted at: FOI/EIR Complaints Resolution, Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. The Commissioner's website provides further guidance and a template for complaints at the following link: [http://www.ico.gov.uk/complaints/freedom\\_of\\_information.aspx](http://www.ico.gov.uk/complaints/freedom_of_information.aspx)

Yours sincerely

A handwritten signature in dark ink, appearing to read "Rosemary Banner". The signature is written in a cursive style with a horizontal line underneath.

**Rosemary Banner**  
**Head of Information Rights Unit**  
**HM Treasury**