

26 October 2017
Our ref: FOI/13/09/17

Re: Freedom of Information request

Thank you for your request for information under the Freedom of Information Act, which we received on 13 September 2017. Please accept our apologies for the delay in replying to your request.

You requested the following information:

On 19th April 2017, Sajid Javid gave evidence before a Select Committee during which business rates were discussed.

Bob Blackman made reference to a 5.97% provision for losses on appeals through business rates and the Secretary of State talked about the 5% figure. The evidence said that the figure had to be presented to the OBR to be audited in the context of revenue forecasts from business rates.

Please provide a copy of the evidence that had to be presented for auditing. Please confirm what provisions were made and how they were calculated within the business rates forecasts within the Spring Budget 2017 for successful appeals against the 2017 Rating List in a) England and b) Wales.

Please confirm the exact amount, per year, that was deducted for successful business rate appeals for from the revenue forecasts for the 5 years from 2017/18 for a) England and b) Wales.

We do not hold information that specifies either the 5.97 per cent or 5 per cent figures referred to at the 19 April 2017 Select Committee hearing, but we can confirm that we hold information that falls within scope of your request in respect of assumptions about the business rates revaluation and the provision for future appeals. The information we hold is included in a 'forecast note', which departments submit to us to provide detail and analysis of their forecasts and related issues, as set out in our memorandum of understanding with them. We do not audit departments' figures, but we do rely on information from departments in order to form our own judgements about what to include in our central forecasts. This access to departments' information is a statutory right set out in the Budget Responsibility and National Audit Act 2011 and is vital to us performing our statutory duties.

In terms of the information that we hold that was provided in respect of the business rates revaluation and appeals, we consider this to be exempt from release under Section 36 of the Freedom of Information Act. This provides an exemption for information where, in the reasonable opinion of a qualified person (in this case Robert Chote, Chairman of the OBR), release would be likely to inhibit the free and frank provision of advice, or exchange of views for the purposes of deliberation.

Our judgement is that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. While there would be public interest in the information on the business rates revaluation, it is our judgement that the release could harm future OBR forecast processes. The OBR relies on the expertise of officials in government departments to provide bottom-up forecasts of receipts and spending streams. It is this flow of information that is crucial for the forecast process and in our judgement the publication of all e-mails, notes and correspondence via FOI requests would make departments less forthcoming in the future. We consider the need to protect this process of free and frank exchange to outweigh the public interest in disclosing the requested information.

In terms of your request for further detail on the assumptions included in our March 2017 forecast, we will publish supplementary information on the provision for appeals in the England forecast and the smoothed assumption of the effect of appeals in our final business rates forecast. The *Charter for Budget Responsibility* – secondary legislation under the BRNA Act – requires that such information releases must be published according to a pre-announced timetable. We therefore have a release policy setting out dates on which supplementary releases can be published. The next available date is next week, on 2 November 2017, so the additional information will be published then. Our full release policy is available on our website: <http://budgetresponsibility.org.uk/topics/requests-for-information/>

Our Welsh business rates forecast is not produced in the same bottom-up manner as the English forecast, so we will not publish any additional information on the effect of business rates appeals in Wales. You may be interested, if you have not already aware, in the University of Bangor's independent report on the Welsh Government's 2018-19 draft budget forecasts, Section 5 of which discusses the outlook for business rates in Wales: <http://gov.wales/docs/caecd/publications/171003-bangor-report-en.pdf>. It does not, however, contain assumptions about appeals. Indeed, it recommends that "*Work should be undertaken to investigate and to incorporate a probability element of successful appeals into forecast calculations.*"

If you have any other queries about this letter, please send them to our enquiries inbox at obrenquiries@obr.gsi.gov.uk.

Yours sincerely