

Freedom of Information Act 2000 (FOIA)

Decision notice

Date: 4 November 2019

Public Authority: HM Treasury
Address: 1 Horse Guards Road
London
SW1A 2HQ

Decision (including any steps ordered)

1. The complainant requested information relating to how much debt the UK owes to foreign governments including foreign sovereign entities. The public authority concluded that it did not hold any information matching the scope of the complainant's request.
2. The Commissioner's decision is that on the balance of probabilities the public authority does not hold the information requested by the complainant.
3. No steps are required.

Request and response

4. On 24 April 2018 the complainant submitted a request to the public authority in the following terms:

"How much of Britain's national debt is owed to foreign sovereign entities, such as central banks, state-owned commercial Banks, and sovereign wealth funds, according to the most recent available information?"

Please break this down by entity and/or country, if possible, or in some other way which gives a reasonable picture of who the debts are owed to. (Please exercise discretion rather than asking for clarification.)"

5. The public authority provided its response on 18 May 2018. It explained that the public authority does not hold detailed information on the countries, organisations or individuals who hold gilts and as such did not hold information within the scope of the request. However, to be helpful, it directed the complainant to information on gilt holdings by different sectors published quarterly by the Office for National Statistics and, to relevant information published by the Bank of England, namely data on the Bank of England's Asset Purchase Facility's holdings of UK Government bonds.

6. On 21 May 2018 the complainant requested an internal review of that response in the following terms:

"While I am grateful for the information provided, I find it hard to believe that HM Treasury does not know how much of the country's debt interest is being paid to foreign governments and state-owned institutions; I suspect the information must be available at least in part, even if is not possible to break it down by institution, or it is only available in estimate form."

7. The public authority wrote back to the complainant on 10 August 2018 with details of the outcome of the internal review. The review did not uphold the response issued by the public authority on 18 May 2018. Rather, it concluded that information within the scope of the request was held on behalf of the public authority by the gilt registrar, currently Computershare Investor Services plc. However, the review additionally concluded that the information held engaged the exemptions at section 41(1) (information provided in confidence) section 27(1)(a) (international relations) and section 29(1)(a) (the economy) FOIA.

Scope of the case

8. The complainant initially contacted the Commissioner on 6 January 2019 to complain about the way his request for information had been handled. The complaint was accepted for investigation on 12 February 2019 after he provided the documents necessary to progress the case.
9. During the course of the investigation the public authority revised its position that information within the scope of the request was held on behalf of the public authority by the gilt registrar, Computershare Investor Services plc.
10. Having reconsidered its response to the request, the public authority concluded that it did not hold the specific information requested by the complainant on 24 April 2018. The public authority informed the complainant accordingly in writing on 15 July 2019. The complainant contacted the Commissioner on 28 August 2019 disputing the view that the public authority did not hold any information within the scope of his request.
11. The scope of the investigation therefore was to consider whether the public authority was entitled to conclude that it did not hold the information requested by the complainant on 24 April 2018.

Reasons for decision

Section 1 FOIA - General right of access to information held by public authorities.

12. When a public authority claims that the information requested by a complainant is not held, the Commissioner will decide whether this is the case on the balance of probabilities. She will reach a decision based on the adequacy of the public authority's search for the information and/or any other reasons explaining why the information is not held.

Public authority's submission.

13. The public authority's submission is summarised below.
14. UK government securities (gilts) are sold, via auction, to the primary market which consists of 18 firms recognised by the gilt issuer – the UK Debt Management Office (DMO) – as a Gilt-Edged Market Makers (GEMMS). Gilts are also bought and sold within the secondary market which consists of a wide base of investors which include pension and insurance firms, financial institutions and overseas investors.

15. Computershare Investor Services plc (the gilt registrar appointed by HM Treasury) holds information on holders of gilts. This information relates to the registered holders of gilts but not the underlying beneficial holders. The registered legal entity holding the gilt may be a specialist financial institution, broking intermediary, custodian or international central securities depository (CSD) acting on behalf of one or more institutional investor/nominee companies (the underlying beneficial holder).
16. The legal entity holding the gilt and the underlying beneficial holder are two distinct things and information concerning the legal entity is not sufficient to answer the request as the information requested could only be identified from the beneficial owner which is not held by or on behalf of the public authority. As a result, the public authority does not hold information on how much of Britain's national debt is owed to foreign sovereign entities nor is it able to provide a breakdown by entity and/or country as to who the debts are owed to.

Complainant's submission

17. The complainant's substantive arguments are reproduced below.
18. "It is not credible for the government to claim it does not know how much debt it owes to foreign governments/state entities, at least to some extent. This information does not have to be 100% complete or broken down in exhaustive detail."
19. "I would like to ask the Information Commissioner's Office to consider whether it is credible for HM Treasury to imply that if the Prime Minister, as First Lord of the Treasury, were to ask the Chancellor of the Exchequer how much money HM Government owes to the Chinese government (for example), the Chancellor would have to say "Sorry, we don't hold that information and can't access it"."
20. "The U.S. government is transparent about foreign government holdings, and this has not stopped them from borrowing money from foreign governments -- they have borrowed more than any other country, I believe -- and I think it is unacceptable for British citizens to know less about which foreign governments they are in debt to than U.S. citizens."
21. "I would be willing to accept partial information, information in estimate form, etc., depending on how it was held and in what way it could be disclosed (for example, by country but not naming particular institutions)."

The Commissioner's considerations

22. It would appear from the public authority's submission that the public authority would be able to identify the 18 registered firms or legal entities who are able to bid for gilts in the primary auction market. However, according to the public authority, identifying the legal entities who have purchased gilts would not reveal the underlying beneficial holders.
23. In other words, the public authority considers that it would not be able to identify whether the beneficial holders of gilts sold in the primary auction market are foreign sovereign entities nor is it able to provide a breakdown by entity and/or country as to who the debts are owed to. Furthermore, the public authority has explained that it holds information relating to the registered holders of gilts in the primary auction market. However, it does not hold information relating to the holders of gilts in the wider secondary market.
24. There appears to be no question that the complainant would like the public authority to identify the foreign sovereign entities and/or countries that the UK owes money to. In other words, information beyond the names of the 18 registered firms recognised by the DMO.
25. The public authority provided the following response to the complainant's view that it is not credible for the government to claim it does not know how much debt it owes to foreign governments/state entities at least to some extent:

"HM Treasury monitors the aggregate holdings of gilts by overseas investors (this shows overseas holdings as a percentage of all outstanding stock) and we also monitor the flow of overseas holdings, which shows the net, in/out flow of gilts by overseas investors in each calendar month. However, as we don't hold information on the beneficial owners of all outstanding gilts, we are unable to provide a breakdown by entity and/or country as to who the debts are owed to."
26. In response, the complainant has reiterated: "all I want is for HM Government to release such information as it holds on the amount of money it owes to foreign governments, either in whole or in part."
27. It is not unreasonable for the public to expect that the government should know (to some extent at least) how much debt it owes to foreign governments/state entities. In the Commissioner's view, the fact that the public authority has relied on the exemption at section 27(1)(a) (likelihood of prejudice to relations between the United Kingdom and any other State) in respect of the information held relating to the registered holders of gilts in the primary auction market could be

interpreted as contradicting the public authority's position that it does not hold any information falling within the scope of the complainant's request¹.

28. Nevertheless, the public authority is clear that the information held in relation to the 18 registered holders of gilts in the primary auction market is not sufficient to answer the request. This is because the information requested can only be revealed through the beneficial holders of gilts and information relating to the underlying beneficial holders of gilts is not held by or on behalf of the public authority.
29. In view of the explanation provided by the authority, the Commissioner accepts that on the balance of probabilities, the public authority does not hold any information matching the specific scope of the complainant's request.

¹ Nothing of course prevents the public authority from withdrawing its application of section 27(1)(a) in future.

Right of appeal

30. Either party has the right to appeal against this decision notice to the First-tier Tribunal (Information Rights). Information about the appeals process may be obtained from:

First-tier Tribunal (Information Rights)
GRC & GRP Tribunals,
PO Box 9300,
LEICESTER,
LE1 8DJ

Tel: 0300 1234504

Fax: 0116 249 4253

Email: grc@justice.gov.uk

Website: www.justice.gov.uk/tribunals/general-regulatory-chamber

31. If you wish to appeal against a decision notice, you can obtain information on how to appeal along with the relevant forms from the Information Tribunal website.
32. Any Notice of Appeal should be served on the Tribunal within 28 (calendar) days of the date on which this decision notice is sent.

Signed.....

Terna Waya
Senior Case Officer
Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF