

5 February 2019  
Our ref: FOI/14/01/19

Dear

**Re: Freedom of Information request**

Thank you for your request for information under the Freedom of Information Act, which we received on 14 January 2019.

You requested the following information:

*The figures on page 234, item # 54 titled 'Off-payroll Working: extend reforms to private sector in 2020-21, excluding small businesses'.*

*This shows the following figures in millions (£):*

2018-2019	: -5
2019-2020	: -150
2020-2021	: +1,165
2021-2022	: +595
2022-2023	: +635
2023-2024	: +725

*Essentially I would like to understand the mathematical model used to determine/calculate those figures.*

*In layman's terms I'd like to understand the components that make up the figure, which when all added together (or of course subtracted) give the answer in each of those years. For example:*

*Tax yield = extra PAYE + extra employees NIC – dividends reductions, etc.*

*Please can you provide:*

1. *A copy of the mathematical equation used in each of the years to estimate the figure.*
2. *If there is no mathematical equation, then please explain how the figures are calculated.*
3. *For either #1 or #2, please explain the sub components of the calculation (which would like the example I've provided). This is a list of the areas where tax will increase together with areas where the tax will fall.*
4. *A list of all variables for the equations and what they mean.*
5. *A list of the values that have been used in place of the variables in order to calculate the values for each year.*
6. *A list of the "proxy variables" required for the equations.*
7. *A list of the values of any proxy variables that have been provided to the OBR by HMRC or the Treasury, or another source.*
8. *For the proxy variables, if you have assigned them uncertainty types (High, Medium, Low, etc.) then please indicate for each of those what that uncertainty value is.*

With regards to item 3 I can confirm the specific tax breakdowns are already available in our policy costings database (from row 1597) and in our supplementary receipts tables to our October 2019 *Economic and Fiscal Outlook* (Table 2.50 'Breakdown of Budget 2018 policy decisions' #54)

<https://obr.uk/download/policy-measures-database/>

<https://obr.uk/download/october-2018-economic-and-fiscal-outlook-supplementary-fiscal-tables-receipts-and-other/>

Before addressing the rest of your request it might be useful to set out that the OBR role in the process is not to *produce* policy costings. Our role is to certify (or not) that each costing is a reasonable and central estimate and then appropriately incorporate these estimate into our forecasts, noting the uncertainty. To undertake this task we do not routinely build or operate actual policy costing models, and in many cases this would be inappropriate as models can contain confidential

individual level taxpayer data. Instead we receive a policy costing note from the relevant department, in this case HMRC, that summarises and explains the methodology used. Whilst it was written a few years ago you might find our *Briefing paper no 6: Policy costings and our forecast* helpful in providing further detail of our role in the process.

<https://obr.uk/download/briefing-paper-no-6-policy-costings-and-our-forecast/>

I can confirm we hold information that falls within the scope of the request. Some of the information in parts 1-2, and 4-7 of your request would be contained in the relevant policy costing note and associated communications. However, we consider all information within the policy costing note and associated communications 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 deliberations and process of how we came to the final certified costings, it is our judgement that the release could harm future OBR policy costing processes. The OBR relies on the expertise of officials in government departments to provide information on policy costings. It is this flow of information that is crucial for the process and the publication via FOI requests could 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.

Whilst we are unable to release the policy costing note, or extracts from the note, I am able to advise you that the analysis for the policy costing was undertaken by HMRC and HM Treasury. If you contact HM Treasury directly they may be in a position to provide more details of the modelling approach.

Regarding request 8, when we note uncertainty, we do not place explicit uncertainty rankings for individual variables. Instead we use three broad criteria *data, behavior and modelling*. For the measure '*Off-payroll Working: extend reforms to private sector in 2020-21, excluding small businesses*' we gave a 'very high' uncertainty rating overall, with data, behaviour and modelling all deemed to be sources of 'high' or 'very high' uncertainty.

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

Yours sincerely

Freedom of Information Unit  
**Office for Budget Responsibility**

**Your right to complain under the Freedom of Information Act 2000**

If you are not happy with this reply, you may request a review by writing to OBR Enquiries, Office for Budget Responsibility, 14T, 102 Petty France, London, SW1H 9AJ or by e-mail at [obr.enquiries@obr.uk](mailto:obr.enquiries@obr.uk)

Any review request must be made within 2 months of the date of this letter. It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the OBR. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.