OBR areas of research interest

Introduction

1 The OBR's 2025 external review recommended that "*The OBR should consider mechanisms to signal to academic and practitioner community key areas of upcoming interest and review high-quality submissions. This could build on the development of the OBR's Advisory Panel, working to 'crowd-in' expertise on policy areas where the evidence base and policy consensus is less settled*."

2 We are therefore publishing an initial set of our areas of research interest (ARI), which details the OBR's priority research questions across four areas:

- economic forecasting and modelling;
- fiscal forecasting and modelling;
- economic and behavioural impacts of policy; and
- cross-cutting issues.

3 We have developed the ARI through input from colleagues across the OBR and external stakeholders. The result is a short set of research areas for the external research community which should generate evidence of value to the OBR's forecasting and analytical work. As the economic and fiscal context are constantly evolving, this ARI does not represent an exhaustive list of research questions. We intend to review the ARI every two-to-three years to reflect any new priorities. The ARI is also just one part of our broader work engaging with external research partners, which includes our advisory panel and consulting experts on specific economic and fiscal issues.

Engaging with the areas of research interest

4 For all engagement with the OBR's ARI, please contact us at: obr.enquiries@obr.uk. We welcome your engagement in the following ways:

- If you have new evidence that completely or partly answers one of our questions, or relates to OBR's areas of work more broadly, we invite you to share that.
- If you are, or plan to be, carrying out research relating to one of our questions, we would be interested to hear about it.
- If you are submitting a funding or grant application that aligns with one of our questions, we hope that referencing the OBR's ARI will help strengthen your case for the possible public impact of the research.

5 We welcome written evidence on forecast and modelling issues at any time and will, on the basis of the evidence provided, consider the case for subsequent direct engagement. We are not always able to directly respond to all submissions we receive due to our small team and the volume of evidence we receive.

6 For evidence on policy, the OBR's secondary legislation, the *Charter for Budget Responsibility*, states that "*The government is responsible for all policy decisions and for policy costings, i.e. quantifying the direct impact of policy decisions on the public finances. Subject to receiving sufficient information from the Treasury to do so, the OBR will provide independent scrutiny and certification of the government's policy costings*." As such, the OBR has no role in policy development or advice, so the Treasury and other departments should be the first point of contact on analytical issues regarding policy costings. We are happy to consider written evidence on policy costings but do not have the resource to address all individual stakeholder requests due to the large volume of evidence we receive.

7 On both forecast and policy costings issues, we are very limited in the engagement we can do and the information we can provide while we are in the process of producing a forecast for confidentiality reasons.

8 This ARI is not an offer to collaborate with researchers on projects, and we cannot respond to any approaches for research funding.

Areas of research interest

Economic forecasting and modelling

1 **Macroeconomic forecasting**. Research into improving macroeconomic forecasts which we can apply to our infrastructure, including new modelling frameworks and econometric techniques. Work could also cover novel datasets for the UK economy, where we can utilise these for macroeconomic forecasting.

2 **Drivers of UK total factor productivity (TFP)**. Analysing the relative importance of key drivers of UK TFP in the medium term, including trade intensity, research and development, investment, competition, human capital/education, and AI or other digital technologies. The research should aim to identify transmission channels, plausible ranges for TFP impacts, and any interactions between the drivers. We are especially interested in UK-specific estimates and how these compare with international evidence to inform potential output forecasts.

3 **Determinants of business investment, the cost of capital, and rates of return**. Developing models to forecast UK business investment that include the influence of the user cost of capital, expected rates of return, uncertainty, and financing conditions. Work should ideally distinguish by sector, firm size, and asset. We are also interested in empirical evidence showing how these factors influence UK business investment.

4 **The economic impacts of migration**. This could include estimating how different migrant groups contribute to labour force growth, productivity, and the impact on private and public sector capital deepening. It could also include exploring how migration affects the domestic labour force. Work should ideally differentiate between the short, medium and long term, and cover the impact of the post-Brexit change in the UK's migration regime.

5 **The impact of regulation on potential output**. Developing methodologies to measure the total cost of business regulation to the UK economy, including identifying the major channels and quantifying the impact on the UK economy over time. We are particularly interested in approaches that can be used to assess the macroeconomic impact of regulatory changes.

6 **The response of the capital stock to labour supply changes**. Investigating how the UK capital stock adjusts to changes in labour supply (for example driven by demographic shifts, migration, or labour market reforms). Research should consider the speed of adjustment, the extent of capital deepening versus capital shallowing, and whether the response is symmetric for increases and decreases in labour supply. Differentiating between the private and public sector capital stock would also be preferred.

Fiscal forecasting and modelling

7 **Fiscal sustainability indicators**. Exploring alternative indicators for assessing UK fiscal sustainability, beyond long-term projections of borrowing and debt. We are interested in indicators that can be produced regularly and can be meaningfully compared across time and with other countries.

8 **Government debt volumes and their impact on gilt yields**. Quantifying the relationship between the level and composition of UK government debt and gilt yields, including for sustained periods of time and compared to other economies. The research should disentangle the impact of debt supply from other drivers. Research could also cover how different ownership patterns of government debt affect gilt yields and their volatility.

9 **Drivers of the rise in health-related benefit claims**. Analysing the factors behind rising claims for incapacity and disability benefits in recent years, including health-related universal credit, personal independence payment, and disability living allowance. We would value evidence that can separate genuine health condition prevalence changes, and their drivers, from changes in recognition, labelling, and the take-up or operation of benefits.

10 **Drivers of local government spending**. Analysing the factors behind the rise in local government spending and the outlook for the future. We would value evidence that can separate changes in demand from changes in unit costs and changes in discretionary service provision.

11 **Long-term health spending, health outcomes, and the economy**. Exploring the drivers of health spending in the long term, including whether higher spending on prevention can lower future health costs. We are interested in the scope for new technology to lower the unit cost of providing healthcare. Research could also cover the extent to which changes in health outcomes affect the economy, for example via participation or productivity, and the interaction of health spending with other government services, such as social care and welfare.

12 **Wealth distribution, measurement, and implications for the tax base**. Improving estimates of the level and distribution of UK wealth, building on and extending existing survey and administrative data such as the Wealth and Assets Survey. Research could also cover the impact of changes in asset taxes on total wealth and its distribution.

13 **Housing transaction taxes**. Exploring how changes in housing transaction taxes in the UK (e.g. thresholds, rates, and temporary 'holidays') affect house prices, transaction volumes, and labour mobility in the UK. Research should ideally distinguish between short- and long-term effects, and between different buyer segments.

14 **Marginal tax rates and international comparisons**. Analysing UK effective marginal tax rates and how these differ across income levels and groups, considering the impacts of direct personal taxes, indirect taxes, and non-tax impacts (e.g. student loans, welfare). We are interested in evidence for the impact of these marginal tax rates on labour supply and saving decisions, and how the UK compares to other countries.

Economic and behavioural impacts of policy

15 **The impact of fiscal policy on demand**. Estimating the short- and medium-term impact of changes in different categories of tax and spending on UK GDP. The research should examine how the impact varies with the state of the economy (e.g. slack versus near-full capacity, monetary policy stance) and over different time horizons.

16 **The macroeconomic effects of public spending in the UK**. This could include investigating the impact of public investment on UK output, productivity, and private investment, reconciling macro-level evidence with micro-level studies. We are interested in estimates of short- and long-run output elasticities, crowding in or crowding out of private investment effects, and how these vary by asset type. We are also interested in evidence on the potential medium- and long-term economic impacts of non-investment spending, such as in education or health.

17 **Labour supply, demand, and other behavioural responses to tax changes**. We are interested in estimating how labour supply responds to changes in work incentives created by the tax and benefit system. Research focused on under-researched groups, such as those in receipt of health-related benefits and the over 60s, and/or on income effect elasticities on the participation side, would be particularly helpful. For labour demand, we are particularly interested in updated estimates of the elasticity of labour demand in the UK, including for low-paid workers most affected by minimum wages.

This should include how firms adjust through employment, hours, wages, and non-wage terms. We are also interested in how significant changes to personal taxes lead to a change in the behaviour of individuals, particularly evidence on taxable income elasticities and any distributional effects.

18 **The pass-through of labour and corporate tax changes into wages, prices, and profits**. Examining how increases or decreases in labour and corporate taxes are passed through to nominal wages, consumer prices, and profit margins in the UK. The research should identify how the pass-through varies by time period and macroeconomic environment.

19 **Modelling of changes to capital taxation**. Investigating the behavioural response to changes in capital taxation (e.g. capital gains tax, inheritance tax, the non-domicile regime). We are interested in the impact of changes on migration, the timing and structure of transactions, shifting between gains and income in response to capital gains tax changes, and behavioural drivers for very wealthy individuals.

Cross-cutting issues

20 **Whole-economy and fiscal impacts of climate change in the UK**. Evidence on how the transition to net zero affects whole-economy productivity in the UK, distinguishing between the transition period (e.g. up to 2050) and the post-transition steady state. We are also interested in understanding different estimates of the indirect economic effects of climate damage, and the public sector costs of adapting the economy in response to the changing climate.

21 **Quantifying uncertainty and probability distributions around key economic and fiscal variables**. Developing methods for estimating and presenting probability distributions around central projections.

22 **Presenting risk and uncertainty around economy and fiscal forecasts**. Research into the effectiveness of different techniques to communicate the uncertainty around a central forecast, particularly to non-specialist audiences. We are interested both in evaluations of the different techniques we currently use – such as fan charts, sensitivities, and scenarios – and suggestions of new methods to clearly present risk and uncertainty.