

Office of Tax Simplification Board Meeting

19 September 2013

Present

Rt Hon Michael Jack – Chairman
John Whiting – Tax Director
Teresa Graham
Adam Broke
Edward Troup – HM Revenue & Customs (HMRC)
Indra Morris – HM Treasury
Lin Homer – HMRC

Secretary

Jeremy Sherwood

Item 2 only: Phillip Rice, Marcus Rubin, Jonathan Gittins - HMRC

1. Minutes of the last meeting

The minutes of the 17 June meeting were formally agreed.

2. OTS evaluation

A team from HMRC's Knowledge, Analysis and Intelligence directorate gave a presentation on options for evaluating the OTS. They outlined two main types of evaluation, a process evaluation and an impact evaluation. A process evaluation would look at whether the processes used by the OTS enabled the delivery of its objectives as intended. An impact evaluation would try and measure the outcomes of the OTS – whether it was delivering its objectives. A successful impact evaluation depended on a good estimate of the “counterfactual”, or what would have happened if the OTS had not been set up. The Cabinet Office had set up a model for reviewing non-departmental public bodies, the “departmental review”. This was a review carried out by a senior civil servant in the department sponsoring the body in question.

The Board discussed the pros and cons of each type of evaluation in detail. The OTS was currently set up as a time-limited body for the lifetime of the current parliament. Therefore a key aim for an evaluation would be to gather data to help the next Government decide on whether to renew the remit of the OTS and, if so, whether to change the current model. A process evaluation would help the OTS secretariat to identify improvements to the way it carried out its reviews.

The consensus was that an impact evaluation would be difficult to perform at the moment because simplifications arising from OTS reviews were only recently finding their way into legislation. It would be a few years until the full effects would be experienced by people and businesses. There was also likely to be a problem establishing the “counterfactual”. However, a qualitative evaluation would be possible, drawing on the views of interested parties.

Summarising the discussion, Michael Jack thought that there were a number of important questions still to be decided before a firm decision could be taken on how best to evaluate the OTS. In the short term, he asked Jeremy Sherwood to arrange a workshop where the process maps produced by HMRC could be examined by Board members and the OTS team, including secondees. The aim would be to identify short term improvements to the way the OTS operated. The Board would then return to the subject at a later meeting, either in November or December.

3. OTS simplification workshop on 18 July

The Board thought the workshop on tax simplification held at No 11 Downing Street on 18 July had gone very well, with good participation and supportive and constructive feedback from those who attended. A full note was available on the [OTS blog](#). The Board expressed its thanks to Matthew Henty at HM Treasury for arranging the workshop, and suggested holding a similar event in the future.

4. Update on projects

Jeremy Sherwood and John Whiting updated the Board on progress with the employee benefits, partnerships and complexity projects.

The Exchequer Secretary to HM Treasury had written to the OTS in response to the interim report of the employee benefits project. His [letter](#) had endorsed the OTS's decision to focus on four areas for further review – HMRC administration, travel and subsistence expenses, accommodation benefits and termination payments. The project Consultative Committee was meeting to discuss how best to work towards making recommendations in these four areas, aiming for a final report or reports in December or January.

The Consultative Committee for the partnerships project was due to meet for the first time on 23 September. The OTS team had already had several meetings with HMRC policy and operational teams, and was planning a series of meetings around the country to speak to businesses, tax advisers and HMRC staff. The plan was to publish by the end of the year an interim report identifying the main areas of complexity in partnership taxation.

There were two papers due to be published shortly as part of the complexity project. A paper on tax definitions was due to be published on 30 September, and a second iteration of the OTS complexity index shortly afterwards. Having completed her work on definitions, Morwenna Scott was leaving the team at the end of September and was joining a firm of solicitors. The Board recorded their thanks to her for her contribution to the project.

5. Any other business

- HMRC Consultation on Class 2/Class 4 national insurance. John Whiting suggested that as the OTS small business review had prompted this consultation, it might be appropriate to respond formally, perhaps in conjunction with ABAB (HMRC's Administrative Burdens Advisory Board). After a short discussion, the Board decided the best way forward would be for the OTS to write formally to the Exchequer Secretary about the matter, publishing the letter on the OTS website.

- HM Treasury internal audit review of OTS. As part of its regular programme of audits, the HM Treasury internal audit team had carried out a review of the OTS. The audit concluded that the OTS had proportionate and effective systems of risk management, control and governance in place.

- OTS Consultative Committees. The Board formally approved the membership of the Consultative Committee for the partnerships project.

- Date of next meeting: Wednesday 6 November, 10:30am.

Jeremy Sherwood
OTS Secretariat