



[REDACTED]

23 May 2023

Dear [REDACTED],

**Freedom of Information request: FOI2023/00225**

Thank you for your Freedom of Information request received on the 21 April in which you requested the following:

**Your request:**

*Dear UK Research and Innovation,*

*In your annual accounts and reports for 2021-22: [Annual Report and Accounts 2021-22 \(ukri.org\)](https://www.ukri.org/publications/ukri-annual-report-and-accounts-2021-to-2022/)*

*On page 124, it states in relation to IR35, that "Social Security costs increased year-on-year; following a review of the IR35 status of Monitoring & Assessment Officers engaged by Innovate UK, UKRI has concluded that some of these Monitoring & Assessment officers should have been considered to be inside the scope of IR35 regulations, and thus subject to Income tax and national insurance contributions. UKRI has estimated a liability related to these income tax and national insurance contributions for the period to 2018-19 to 2021-22 which is included in Social Security costs. It is expected that this liability will be settled in 2022-23."*

*[1] Please can you tell me the figure for the "estimated liability" for the IR35 / Off-payroll provision. Thank you.*

*[2] Please can you also state how many contractors you engage with that are sole traders, as "Monitoring & Assessment Officers".*

*[3] For the individuals in #2, please can you indicate how many of those UKRI believes they may have misclassified, and the tax provision set aside for them.*

*[4] For the individuals in #3, that have been misclassified, please indicate the level of provision set aside for any potential claims for "worker" status, that may result in payouts for holiday pay and other benefits.*

**Our response**

I can confirm that UK Research and Innovation (UKRI) holds some information relevant to your request. Please see the information below.

*[1] Please can you tell me the figure for the "estimated liability" for the IR35 / Off-payroll provision.*

As per page 180 of the [UKRI 2021/22 Annual Report and Accounts](https://www.ukri.org/publications/ukri-annual-report-and-accounts-2021-to-2022/)<sup>1</sup>, there was an accrual of £36 million for IR35 tax relating to years 2017-18 to 2021-22. Under Section 21 of the Freedom of Information Act - Information already reasonably accessible, as the information you have requested is already available in the public domain, we have provided the link above. Section 21 is an absolute exemption which means that there is no requirement to conduct a public interest test.

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<sup>1</sup> <https://www.ukri.org/publications/ukri-annual-report-and-accounts-2021-to-2022/>  
UK Research and Innovation, Polaris House, North Star Avenue, Swindon SN2 1FL

*[2] Please can you also state how many contractors you engage with that are sole traders, as "Monitoring & Assessment Officers".*

The number of sole traders engaged as Monitoring Service Providers and Assessors is continually evolving. During the 2021/22 tax year, Innovate UK engaged approximately 34 sole traders to provide both Monitoring Service Providers and Assessors. A further 34 only provided services as Monitoring Services Providers.

*[3] For the individuals in #2, please can you indicate how many of those UKRI believes they may have misclassified, and the tax provision set aside for them.*

Innovate UK is unable to confirm the historical classification of Monitoring Service Providers at this point due to ongoing discussions with HMRC regarding status.

*[4] For the individuals in #3, that have been misclassified, please indicate the level of provision set aside for any potential claims for "worker" status, that may result in payouts for holiday pay and other benefits.*

Innovate UK has not provided for potential claims for "worker" status.

Whilst Innovate UK may consider that a sole trader is employed for tax purposes, this does not mean that they are a "worker" under employment law. An individual can be considered employed for tax purposes and self-employed for employment law purposes.

Please see the [government guidance](#)<sup>2</sup> for further information.

If you have any queries regarding our response or you are unhappy with the outcome of your request and wish to seek an internal review of the decision, please contact us within the next 40 working days:

Head of Information Governance

Email: [foi@ukri.org](mailto:foi@ukri.org)

Please quote the reference number above in any future communications.

If you are still not content with the outcome of the internal review, you may apply to refer the matter to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the review procedure provided by UKRI. The Information Commissioner can be contacted at: [www.ico.org.uk](http://www.ico.org.uk).

If you wish to raise a complaint regarding the service you have received or the conduct of any UKRI staff in relation to your request, please see UKRI's complaints policy: <https://www.ukri.org/about-us/policies-and-standards/complaints-policy/>

Yours sincerely,

Information Governance  
Information Rights Team  
UK Research and Innovation  
[foi@ukri.org](mailto:foi@ukri.org) | [dataprotection@ukri.org](mailto:dataprotection@ukri.org)

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<sup>2</sup> <https://www.gov.uk/employment-status/selfemployed-contractor>