Office for National Statistics

Statistical bulletin

Public sector finances: Dec 2016

UK Public Sector current budget, net borrowing, net cash requirement and net debt.

Contact:
Fraser Munro
fraser.munro@ons.gsi.gov.uk

Release date:
24 January 2017

Next release:
21 February 2017

Table of contents

1 . Main points

The data in this bulletin presents the latest fiscal position of the UK public sector as at 31 December 2016 and so includes 6 months of post-EU referendum data. However, care should be taken when interpreting short-term trends as movements in the public sector finances are driven by a large number of factors.

Public sector net borrowing (excluding public sector banks) decreased by £10.6 billion to £63.8 billion in the current financial year-to-date (April to December 2016), compared with the same period in 2015.

Public sector net borrowing (excluding public sector banks) decreased by £0.4 billion to £6.9 billion in December 2016, compared with December 2015.

Public sector net debt (excluding public sector banks) was £1,698.1 billion at the end of December 2016, equivalent to 86.2% of gross domestic product (GDP); an increase of £91.5 billion, or an average of £251 million each day over the last year.

Public sector net debt excluding both public sector banks and the Bank of England (PSND ex BoE) was £1,619.0 billion at the end of December 2016, equivalent to 82.2% of gross domestic product (GDP); an increase of £55.6 billion compared with December 2015. See section 6 for further details of the supplementary fiscal aggregates.

Central government net cash requirement decreased by £3.6 billion to £62.3 billion in the current financial year-to-date (April to December 2016), compared with the same period in 2015.

Due to the volatility of the monthly data, the cumulative financial year-to-date borrowing figures provide a better indication of the progress of the public finances than the individual months.

Government debt and deficit according to EU definitions

On 18 January 2017, we published the latest UK Government Debt and Deficit for Eurostat statistical bulletin, consistent with the November 2016 public sector finance bulletin (21 December 2016). In this publication we stated that:

- general government gross debt was £1,652.0 billion at the end of March 2016, equivalent to 87.6% of gross domestic product (GDP); an increase of £47.9 billion on March 2015
- general government deficit (or net borrowing) decreased by £19.1 billion to £76.3 billion (equivalent to 4.0% GDP) in the financial year ending March 2016, compared with the previous financial year

Please refer to section 7, International comparisons of borrowing and debt for further detail.

2 . Forthcoming changes to the public sector finance bulletin

Changes to the format of the bulletin

From January 2017 we have changed the way we publish economic statistics, with related data grouped together under new "theme" days. This will increase the coherence of our data releases and involve minor changes to the timing of certain publications. For more information see Changes to publication schedule for economic statistics.

While public sector finance remains a standalone publication rather than a part of a combined “theme” day, the January 2017 public sector finance bulletin (published on 21 February 2017) will follow a new streamlined format.

We plan to make a draft version of this bulletin (December 2016 public sector finance bulletin) available in the revised format available for you to access by 3 February 2017. Please contact us at public.sector.accounts@ons.gsi.gov.uk for further information.

Table PSA1: Public Sector Summary

Further, as of the January public sector finance bulletin (published on 21 February 2017), Table PSA1: Public sector summary will be changed to include Public sector net debt excluding both public sector banks and the Bank of England (PSND ex BoE) both in terms of £ billion and expressed as a percentage of GDP. In order to accommodate this change, the time series of both public sector current budget deficit and net investment including public sector banks will be removed from the table. These series will still be available in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

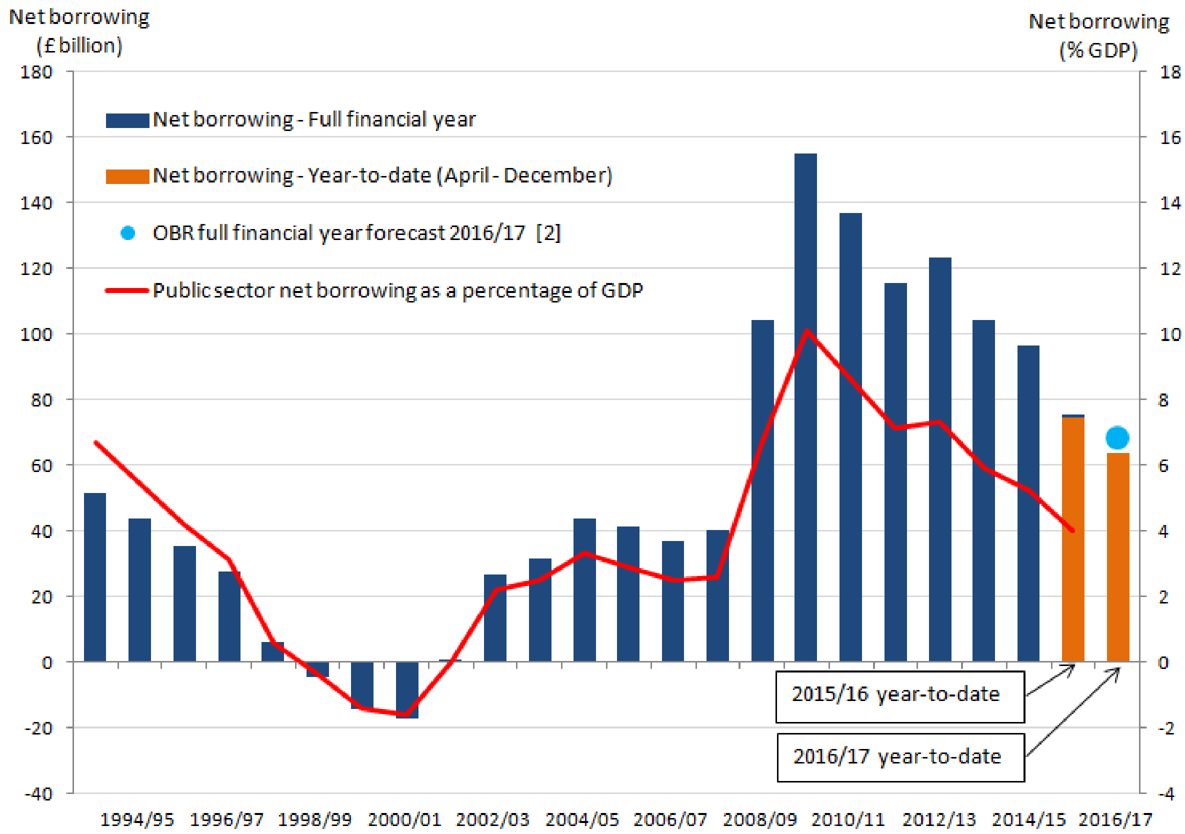
3 . Summary

This section provides a summary of the main messages of this statistical bulletin which you may find helpful. You may also like to receive Twitter updates by following @frasermunropsf. We recently published an article titled The debt and deficit of the UK public sector explained which you may also find useful.

The data in this bulletin presents the latest fiscal position of the UK public sector as at 31 December 2016 and so includes 6 months of post-EU referendum data. However, care should be taken when interpreting short-term trends as movements in the public sector finances are driven by a large number of factors.

Figure 1: The amount borrowed by the public sector has been falling since the peak in the financial year [1] ending March 2010

UK public sector borrowing, April 1993 to December 2016



Public sector borrowing (or deficit)

In December 2016, the public sector spent more money than it received in taxes and other income. This meant it had to borrow £6.9 billion to balance the books.

Of this £6.9 billion, £3.5 billion related to the cost of the “day-to-day” activities of the public sector (the current budget deficit), while £3.4 billion related to the spending on infrastructure (net investment).

In the current financial year-to-date (April to December 2016), the public sector borrowed £63.8 billion. This was £10.6 billion lower than in the previous financial year-to-date (April to December 2015).

Annual borrowing has generally been falling since the peak in the financial year ending March 2010 (April 2009 to March 2010).

In the financial year ending March 2016 (April 2015 to March 2016), the public sector borrowed £75.4 billion. This was £20.9 billion lower than in the previous financial year and less than half of that in the financial year ending March 2010 (both in terms of £ billion and percentage of GDP).

The Office for Budget Responsibility (OBR), which produces economic and fiscal forecasts for government, recorded that the public sector would borrow £72.2 billion during the financial year ending March 2016. So, based on the latest estimate, borrowing in financial year ending March 2016 is £3.2 billion higher than OBR predicted. However, the estimates for the financial year ending March 2016 may still be subject to further revision as elements of provisional data are replaced with finalised and audited data.

OBR have estimated that the public sector will borrow £68.2 billion during the financial year ending March 2017; a reduction of £7.2 billion on the provisional outturn for the financial year ending March 2016.

Income and spending by central government

Central government's income and spending make the largest contribution to the amount borrowed by the public sector. In the current financial year-to-date (April to December 2016), central government received £476.8 billion in income. This was around 5% higher than in the previous financial year-to-date (April to December 2015), largely due to receiving more Income Tax, Corporation Tax and National Insurance contributions, along with taxes on production such as VAT and Stamp Duty, compared with the previous year.

Over the same period (April to December 2016), central government spent £523.1 billion; around 1% higher than in the previous financial year-to-date. Of this amount, just below two-thirds was spent by central government departments (such as health, education and defence), around a third on social benefits (such as pensions, unemployment payments, Child Benefit and Maternity Pay) with the remaining being spent on capital investment and interest on the government's outstanding debt.

Debt

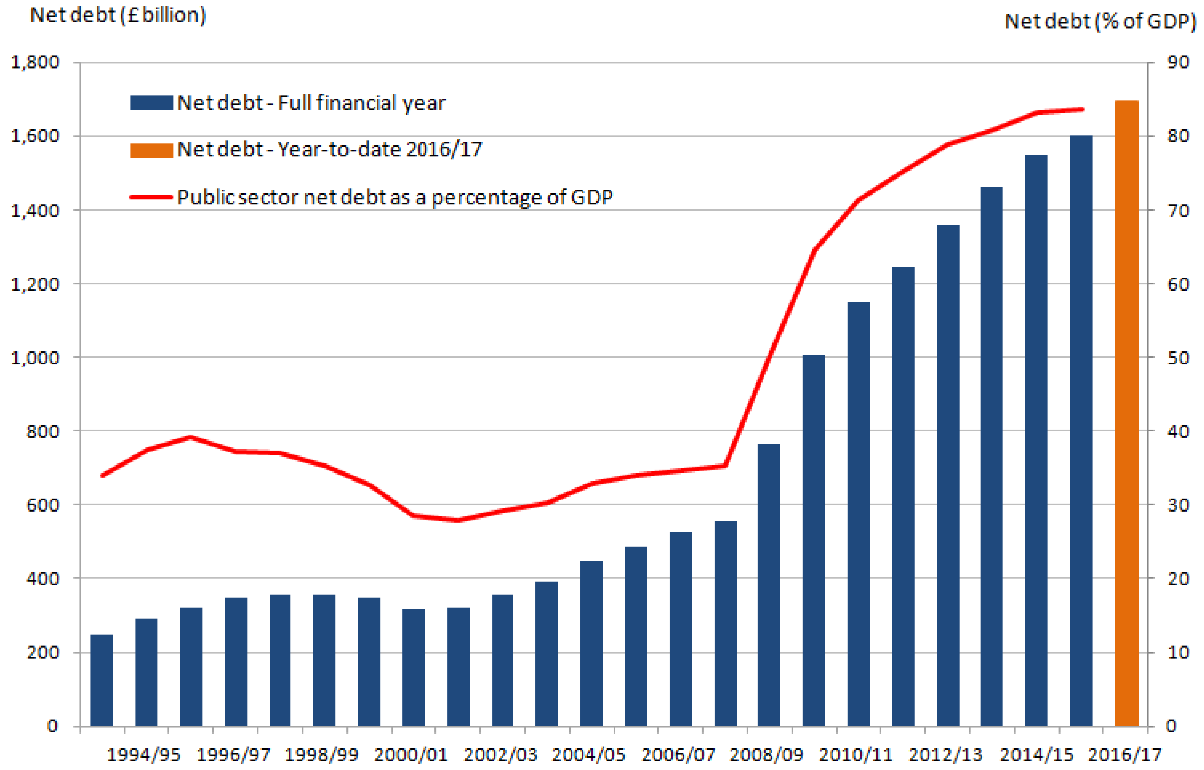
While deficit represents the difference between income and spending over a period of time, debt represents the total amount of money owed at a point in time. Debt has been built up by successive government administrations over many years. When the government borrows, this adds to the debt total. So reducing the deficit is not the same as reducing the debt. The amount of money owed by the government to the private sector stood at just below £1.7 trillion at the end of December 2016, which equates to 86.2% of the value of all the goods & services currently produced by the UK economy in a year (or GDP).

This debt figure of £1.7 trillion (or £1,698.1 billion) at the end of December 2016, represents an increase of £91.5 billion on December 2015, or an average of £251 million each day over the last year.

Given there are 65.1 million people in the UK, this £91.5 billion increase in the debt equates to roughly £1,400 per person per year.

Figure 2: Public sector debt increased rapidly following the banking crisis in the financial year [1] ending March 2008

UK public sector debt, March 1994 to December 2016



4 . Things you need to know about this release

This statistical bulletin provides important information on the UK government financial position. It enables government, the public, economists and financial analysts to monitor public sector expenditure, receipts, investments, borrowing and debt. By comparing these data with forecasts from the [Office for Budget Responsibility (OBR)](#) the current UK fiscal position can be evaluated.

Net borrowing represents the gap between revenue raised (current receipts) and total spending (current expenditure plus net investment). Often the term deficit is used in place of net borrowing; these terms represent the same thing.

While deficit represents the difference between income and spending over a period of time, debt represents the total amount of money owed at a point in time. Debt has been built up by successive government administrations over many years. When the government borrows, this adds to the debt total. So reducing the deficit is not the same as reducing the debt.

Table 7: Terms to help you understand this release, located in the background notes of this bulletin, is intended to provide you with the important terms needed to understand the data within this bulletin. We recently published an article titled [The debt and deficit of the UK public sector explained](#) which you may also find useful.

Headline public sector finances data

This release presents the first estimate of December 2016 public sector finances, along with the financial year-to-date, April to December 2016. While public sector finance data are available on a monthly basis, due to the volatility of the monthly time series, it is often more informative to look at the financial year-to-date or complete financial year data in order to discern underlying patterns. Estimates are revised over time as additional data becomes available.

Table 1 summarises the latest headline public sector finances measures, comparing the latest month and cumulative totals for the financial year-to-date, with the equivalent period in the previous financial year.

Table 1: Headline public sector finances data, by month and financial year-to-date

UK, excluding public sector banks — £ billion[1] (not seasonally adjusted)

	December			Financial year-to-date[7]		
	2016	2015	Change	2016/17[8]	2015/16[8]	Change
Current budget deficit[2]	3.5	5.1	-1.7	41.9	53.3	-11.3
Net investment [3]	3.4	2.1	1.3	21.9	21.2	0.7
Net borrowing [4]	6.9	7.2	-0.4	63.8	74.5	-10.6
Net debt [5]	1,698.1	1,606.6	91.5	1,698.1	1,606.6	91.5
Net debt as a percentage of annual GDP[6]	86.2	84.5	1.7	86.2	84.5	1.7

Source: Office for National Statistics

Notes:

1. Unless otherwise stated.

2. Current budget deficit is the difference between current expenditure (including depreciation) and current receipts.

3. Net investment is gross investment (net capital formation plus net capital transfers) less depreciation.

4. Net borrowing is current budget deficit plus net investment.

5. Net debt is financial liabilities (for loans, deposits, currency and debt securities) less liquid assets.

6. GDP at current market price.

7. Financial year-to-date refers to the period from April to December.

8. 2016/17 refers to financial year ending in March 2017 and 2015/16 refers to financial year ending in March 2016.

Time series for each component are available in Table PSA1 in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

How the public sector finances fit together

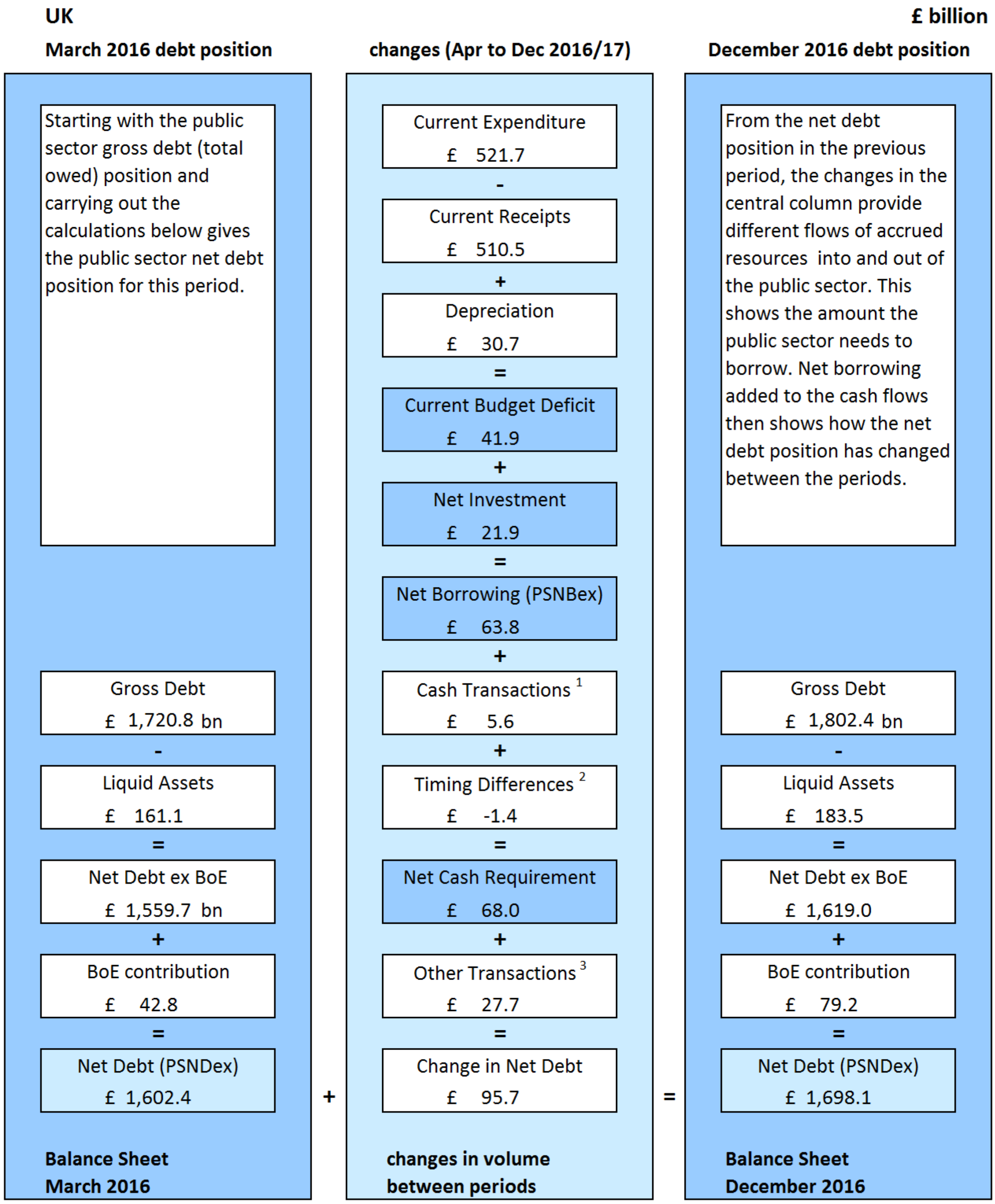
Figure 3 illustrates how the difference in income (often referred to as current receipts) and spending (often referred to as current expenditure) lead to the accumulation of debt.

The headline measures of current budget deficit, net borrowing, net cash requirement and net debt, which are closely linked and flow from one to the other, are highlighted in the diagram as they provide the important indicators for the performance of the UK public finances.

When expenditure is greater than income, the public sector runs a deficit, known as the current budget deficit. Net borrowing is made up of the current budget deficit plus net investment (spending on capital less capital receipts). The diagram shows how net borrowing contributes to the change in net debt.

The net cash requirement is closely related to net debt (the amount owed). It is important because it represents the cash needed to be raised from the financial markets to service the government’s borrowing deficit. Changes in net debt between 2 points in time are normally similar to the net cash requirement for the intervening period, though the relationship is not an exact one.

Figure 3: Changes in public sector finances (excluding public sector banks) financial year-to-date (April to December 2016)



5 . The latest public sector net borrowing position

In the UK, the public sector consists of 5 sub-sectors: central government, local government, public non-financial corporations, Bank of England and public financial corporations (that is, public sector banks).

Table 2 summarises the current monthly and financial year-to-date borrowing position of each of these sub-sectors along with the public sector aggregates.

Full time series for these data can be found in Table PSA2 in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Table 2: Sub-sector breakdown of public sector net borrowing, by month and financial year-to-date

UK — £ billion (not seasonally adjusted)

		December			Financial year-to-date[1]		
		2016	2015	Change	2016/17[2]	2015/16[2]	Change
General government		7.9	8.0	-0.1	63.7	75.0	-11.2
	of which						
	Central government	6.4	7.9	-1.5	60.6	74.4	-13.8
	Local government	1.5	0.2	1.4	3.2	0.6	2.6
Public non-financial corporations		0.1	0.2	-0.1	1.6	1.7	-0.1
Bank of England		-1.2	-1.0	-0.1	-1.5	-2.3	0.7
Public sector ex (PSNB ex)		6.9	7.2	-0.4	63.8	74.5	-10.6
Public financial corporations		-0.4	-0.5	0.1	-3.9	-4.8	0.8
Public sector (PSNB)		6.4	6.7	-0.3	59.9	69.7	-9.8

Source: Office for National Statistics

Notes:

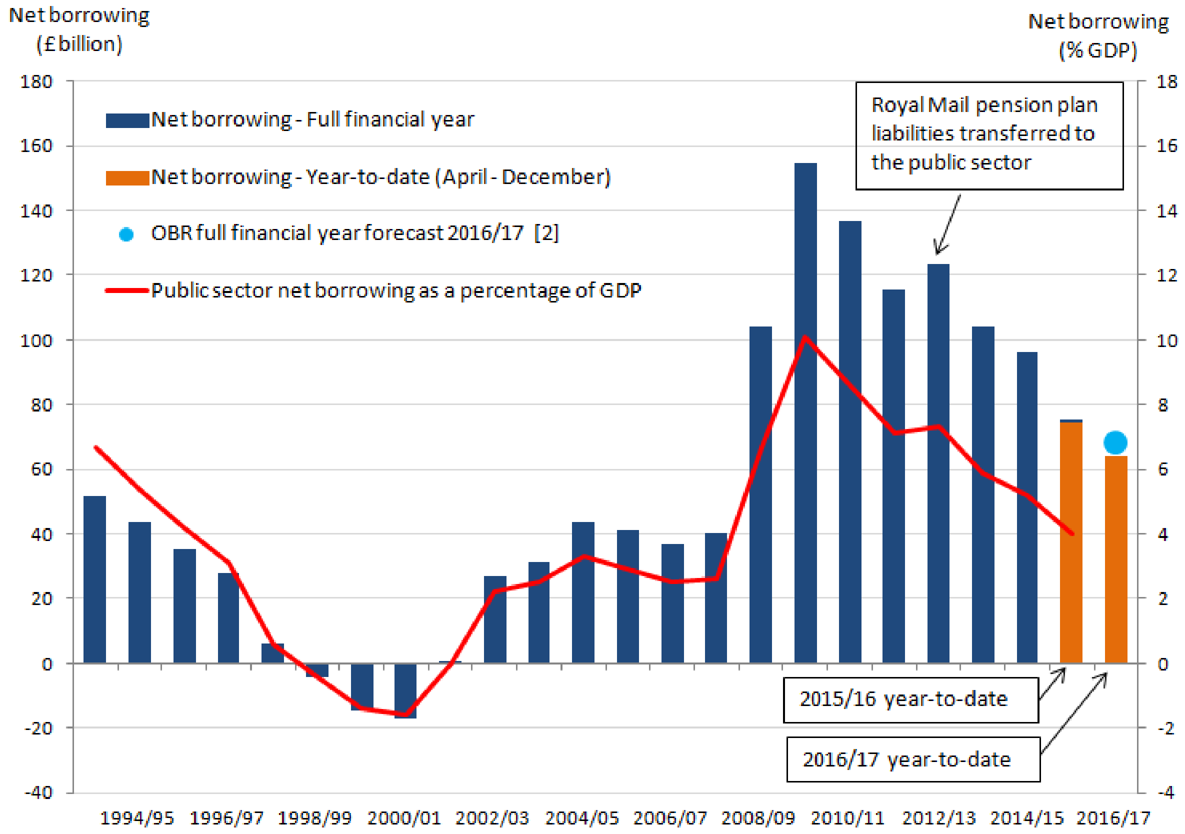
1. Financial year-to-date refers to the period from April to December.

2. 2016/17 refers to financial year ending in March 2017 and 2015/16 refers to financial year ending in March 2016.

Figure 4 illustrates public sector net borrowing excluding public sector banks (PSNB ex) for the last 23 financial years. For all but 3 years in the period the public sector has been in deficit and had to borrow to fund the gap between expenditure and revenue.

Figure 4: Public sector net borrowing excluding public sector banks; the financial year ending 1994 to the financial year-to-date ending 2017[1]

UK, all data excluding public sector banks



PSNB ex peaked in the financial year ending March 2010 (April 2009 to March 2010) as the effects of the economic downturn impacted on the public finances (reducing tax receipts while expenditure continued to increase).

In the financial year ending March 2016 (April 2015 to March 2016), the public sector borrowed £75.4 billion. This was £20.9 billion lower than in the previous financial year. These are not final figures and may be revised over the coming months as provisional data are replaced with finalised and audited data.

This latest estimate suggests that borrowing in the financial year ending March 2016 is less than half of that in the financial year ending March 2010; both in terms of £ billion (Table PSA2) and percentage of GDP (Table PSA5A).

PSNB ex has reduced since the financial year ending March 2010, although remained higher than before the financial year ending March 2008 (April 2007 to March 2008) and the 2007 global financial market shock.

PSNB ex in the financial year ending March 2013 (April 2012 to March 2013) was higher than in the previous financial year largely as a result of the recording of an £8.9 billion payable capital transfer in April 2012, as recognition that the liabilities transferred from the Royal Mail Pension Plan exceeded the assets transferred.

Net borrowing for the financial year-to-date (April to December 2016)

Due to the volatility of the monthly data, the cumulative financial year-to-date borrowing figures provide a better indication of the progress of the public finances than the individual months.

In the financial year-to-date (April to December 2016), public sector net borrowing excluding public sector banks (PSNB ex) was £63.8 billion; a decrease of £10.6 billion, or 14.3% compared with the same period in 2015.

In this period, there was a £13.8 billion decrease in central government net borrowing, partially offset by a £2.6 billion increase in local government net borrowing.

Over the same period, Bank of England (BoE) net borrowing was £0.7 billion higher than in the previous financial year-to-date, almost entirely due to differences in the size of Asset Purchase Facility (APF) transfers to central government. The combined net borrowing of central government and the BoE in the financial year-to-date was £13.1 billion lower than in the previous financial year.

Central government receipts for the financial year-to-date (April to December 2016) were £476.8 billion, an increase of £21.9 billion, or 4.8%, compared with the same period in the previous financial year. Of which:

- Social (National Insurance) contributions increased by £7.7 billion, or 9.2%, to £90.9 billion
- Corporation Tax increased by £3.3 billion, or 9.9%, to £36.2 billion
- VAT receipts increased by £3.1 billion, or 3.2%, to £101.2 billion
- Income Tax-related payments increased by £2.9 billion, or 2.6%, to £115.2 billion
- Stamp Duty on land and property increased by £0.8 billion, or 9.4%, to £9.5 billion
- Stamp Duty on shares increased by £0.5 billion, or 23.7%, to £2.8 billion

Central government expenditure (current and capital) for the financial year-to-date (April to December 2016) was £523.1 billion, an increase of £7.4 billion, or 1.4%, compared with the same period in the previous financial year. Of which:

- other current expenditure (mainly departmental spending) increased by £2.7 billion, or 0.9%, to £304.8 billion; largely as a result of increases in departmental spending on goods & services (predominantly staff costs), largely offset by decreases in transfers to local government
- debt interest increased by £2.4 billion, or 6.7%, to £38.1 billion; of this £38.1 billion, £10.6 billion is the interest payable to the Bank of England Asset Purchase Facility on its gilt holdings (see Table PSA9 in Table PSA1 in the Public Sector Finances Tables 1 to 10: Appendix A dataset) which are PSNB ex neutral
- net social benefits (mainly pension payments) increased by £1.7 billion, or 1.1%, to £156.3 billion; largely as a result of increases in state pension payments (within National Insurance Fund benefits)
- central government net investment (capital expenditure) increased by £0.6 billion, or 2.7%, to £23.9 billion; largely as a result of a decrease in capital transfers to central government from other sectors and an increase in gross capital formation, partially offset by falls in capital transfers from central government to other sectors and depreciation

Local government net borrowing (LGNB) for the financial year-to-date (April to December 2016) was estimated to be £3.2 billion, a £2.6 billion increase in local government net borrowing on the same period in the previous financial year. This increase was largely due to decreases in grants received from central government, particularly in April, being partially offset by increases in tax receipts and decreases in expenditure on goods & services and net social benefits.

Local government data for the financial year-to-date are initial estimates based on detailed budget data for the financial year ending March 2017. Administrative source data are used for central government to local government transfers.

Detailed time series for each of the expenditure and revenue component series of local government net borrowing are presented in Tables PSA6G to 6K in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Public corporations’ net borrowing (PCNB) for the financial year-to-date (April to December 2016) was estimated to be £1.6 billion, a £0.1 billion decrease in public corporations’ net borrowing on the same period in the previous financial year.

Public corporations data for April to December 2016 are initial estimates based on a combination of provisional outturn data, OBR forecasts and figures for previous years.

Net borrowing in December 2016

In December 2016, public sector net borrowing (excluding public sector banks) was £6.9 billion; a decrease of £0.4 billion, or 5.0% compared with December 2015.

While the £1.5 billion decrease in central government net borrowing was largely offset by a £1.4 billion increase in local government net borrowing, there were £0.1 billion decreases in the net borrowing of both public corporations and the Bank of England.

The data for the latest month of every release contains some forecast data. The initial outturn estimates for the early months of the financial year contain more forecast data than other months, as profiles of tax receipts and departmental spending on OSCAR and local government spending are provisional. This means that the data for these months are typically more prone to revision than other months and can be subject to sizeable revisions in later months.

Central government receipts in December 2016 were £53.8 billion, an increase of £2.9 billion, or 5.6%, compared with December 2015. Of this:

- Social (National Insurance) contributions increased by £1.0 billion, or 10.1%, to £10.6 billion
- Income Tax-related payments increased by £0.7 billion, or 5.8%, to £13.3 billion
- Corporation Tax increased by £0.4 billion, or 12.4%, to £4.0 billion
- VAT receipts increased by £0.2 billion, or 2.0%, to £11.6 billion

Central government expenditure (current and capital) in December 2016 was £58.6 billion, an increase of £1.3 billion, or 2.2%, compared with December 2015. Of this:

- debt interest decreased by £0.2 billion, or 6.3%, to £3.3 billion; of this £3.3 billion, £1.2 billion is the net interest paid to the Asset Purchase Facility Fund (APF) on its gilt holdings (see Table PSA9 in the Public Sector Finances Tables 1 to 10: Appendix A dataset) which are PSNB ex neutral

- other current expenditure (mainly departmental spending) was £34.5 billion, equivalent to that in December 2015; largely as a result of increases in departmental spending on goods & services (predominantly staff costs) and transfers abroad, being offset by a decrease in contributions to the EU and transfers to local government

- net social benefits (mainly pension payments) increased by £0.2 billion, or 1.0%, to £17.7 billion; largely as a result of increases in State Pension payments (within National Insurance Fund benefits)

- central government net investment (capital expenditure) increased by £1.3 billion, or 72.9%, to £3.1 billion; largely as a result of increases in transfers from central government to other sectors

Detailed time series for each of the expenditure and revenue component series of central government net borrowing are presented in Tables PSA6B to 6F in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

In December 2016, local government net borrowing (LGNB) was estimated to be £1.5 billion; an increase of £1.4 billion compared with December 2015.

Local government data for December 2016 are initial estimates based on detailed budget data for the financial year ending March 2017. Administrative source data are used for central government to local government transfers.

Detailed time series for each of the expenditure and revenue component series of local government net borrowing are presented in Tables PSA6G to 6K in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

In December 2016, it was estimated that public corporations' net borrowing (PCNB) was £0.1 billion, a decrease of £0.1 billion compared with December 2015.

Public corporations data for April to December 2016 are initial estimates based on a combination of provisional outturn data, OBR forecasts and figures for previous years.

6 . The latest public sector net debt position

Public sector net debt excluding public sector banks (PSND ex) represents the amount of money the public sector owes to UK private sector organisations and overseas institutions, largely as a result of government financial liabilities on the bonds (gilts) and Treasury bills it has issued.

While deficit represents the difference between income and spending over a period of time, debt represents the total amount of money owed at a point in time. This debt has been built up by successive government administrations over many years. When the government borrows (that is, runs a deficit), this adds to the debt total. So reducing the deficit is not the same as reducing the debt.

At the end of December 2016, PSND ex stood at £1,698.1 billion; an increase of £91.5 billion compared with December 2015. This increase in net debt is a result of:

- £64.8 billion of public sector net borrowing
- plus £5.8 billion in timing differences between cash flows for gilt interest payments and the accrued gilt interest flows
- plus £21.0 billion in net cash transactions related to acquisition or disposal of financial assets of equivalent value (for example loans) and timing of recording

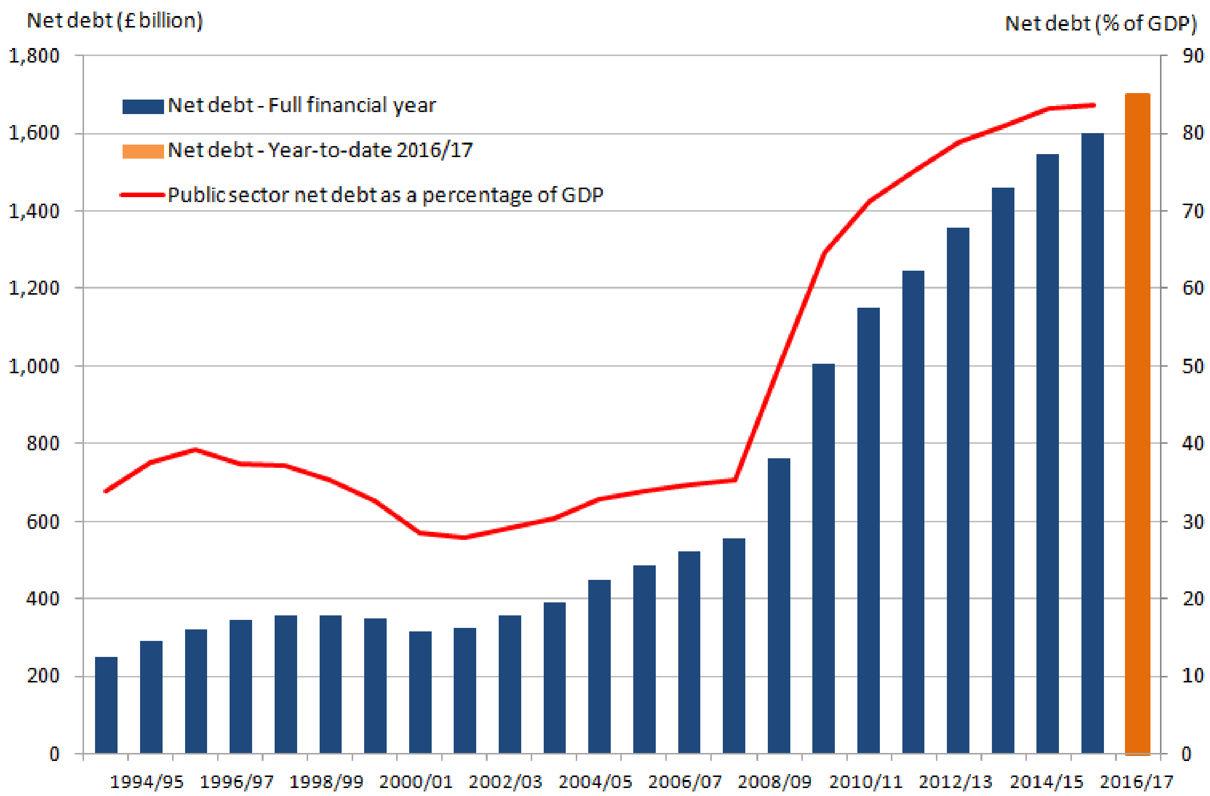
At the end of December 2016, the provisional estimate of PSND ex as a percentage of GDP stood at 86.2%; an increase of 1.7 percentage points compared with December 2015.

The methodology that underpins our presentation of fiscal aggregates as GDP ratios can be found in [The use of GDP in public sector fiscal ratio statistics](). This bulletin uses the [latest published values of GDP]() (published 23 December 2016) in the presentation of fiscal ratios.

Figure 5 illustrates public sector net debt excluding banking groups (PSND ex) from the financial year ending March 1994 to date.

Figure 5: Public sector net debt excluding public sector banks; the financial year ending 1994 to the end of December 2016

UK, all data excluding public sector banks

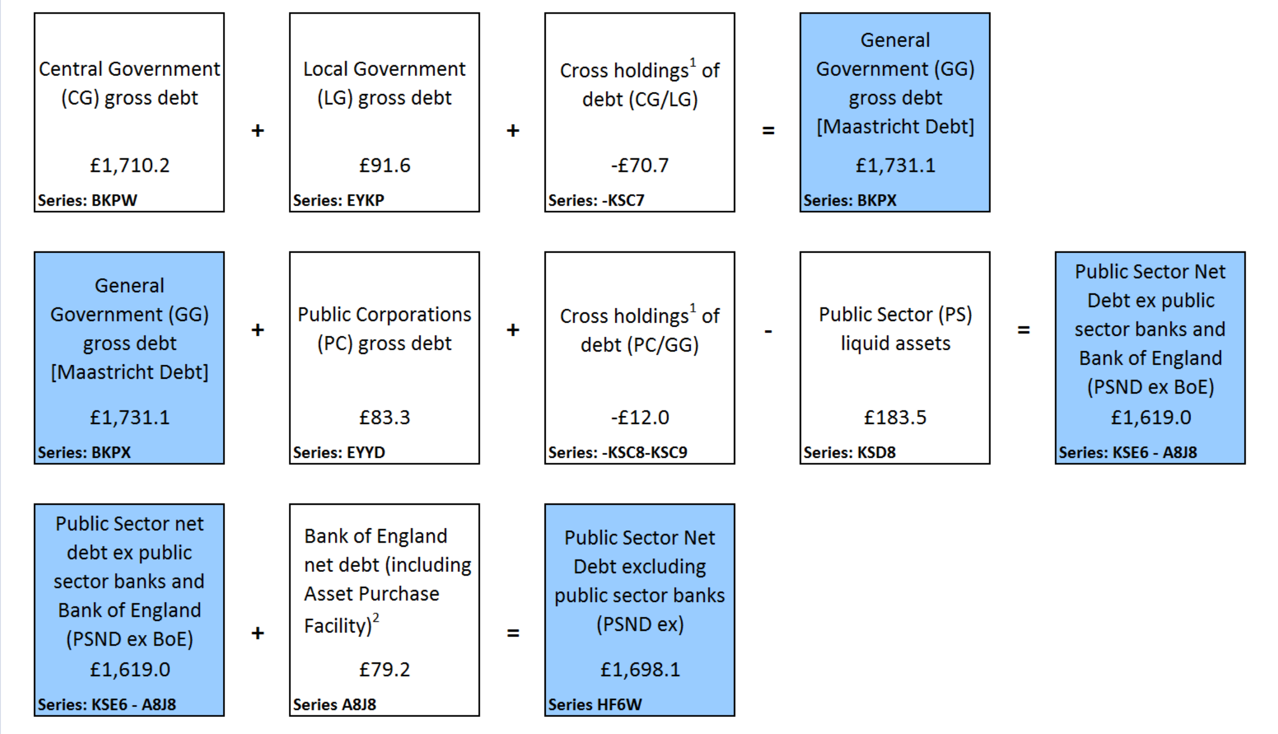


The increases in debt between the financial year ending March 2009 (April 2008 to March 2009) and the financial year ending March 2011 (April 2010 to March 2011) were larger than in the early part of the decade, as the economic downturn meant public sector net borrowing excluding public sector banks (PSNB ex) increased. Since then it has continued to increase but at a slower rate.

For the purposes of UK fiscal policy, net debt is defined as total gross financial liabilities less liquid financial assets, where liquid assets are cash and short-term assets which can be released for cash at short notice and without significant loss. These liquid assets mainly comprise foreign exchange reserves and bank deposits.

Figure 6 presents public sector debt (excluding public sector banks) at the end of December 2016 by sub-sector. Time series for each of these component series are presented in Tables PSA8A to D in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Figure 6: Sub-sector split of public sector net debt excluding public sector banks as at the end of December 2016, UK (£ billion)



Changes in net debt between 2 points in time are normally similar to the net cash requirement for the intervening period, though the relationship is not an exact one because the net cash requirement reflects actual prices paid, while the net debt is at nominal prices. For instance, gilts are recorded in net debt at their redemption (or face) value, but they are often issued at a different price due to premia or discounts being applied. The net cash requirement will reflect the actual issuance and redemption prices, but net debt only ever records the face (or nominal) value.

Central government net cash requirement is reconciled against the change in central government net debt in Table REC3 in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Net cash requirement is discussed further in Section 8 of this bulletin.

Supplementary fiscal aggregates

The impact of the Term Funding Scheme (TFS) and other Asset Purchase Facility (APF) schemes on the public sector balance sheet is not fully captured in PSND.

To address this, the [government's 2016 Autumn Statement](), published on 23 November 2016, included 2 new supplementary fiscal aggregates to provide additional commentary on the state of the public sector balance sheet and context for the main fiscal metric of public sector net debt.

We began reporting these supplementary fiscal aggregates in the November 2016 statistical bulletin (published 21 December 2016).

Public sector net debt excluding both public sector banks and the Bank of England (PSND ex BoE)

Time series for PSND ex BoE as a percentage of GDP and PSND ex BoE (£ millions) are presented in Tables PSA5A and Table PSA8D respectively, in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Public sector net debt excluding both public sector banks and the Bank of England (PSND ex BoE) was £1,619.0 billion at the end of December 2016, equivalent to 82.2% of gross domestic product (GDP); an increase of £55.6 billion compared with December 2015.

At the end of December 2016, the provisional estimate of PSND ex BoE as a percentage of GDP stood at 82.2%; equal to that in December 2015. Prior to December 2016, debt as a percentage of GDP had been falling (on the equivalent month a year earlier) for 6 successive months, indicating that GDP had been increasing (year-on-year) faster than PSND ex BoE.

At the end of December 2016, PSND ex BoE was £79.1 billion, or 4.0 percentage points lower than PSND ex.

Public sector net financial liabilities (PSNFL)

PSNFL is an [Experimental Statistic] and will be subject to further quality assurance and subsequent revisions in the coming months. While PSNFL is presented as a percentage of GDP in Tables PSA5A, estimates expressed in terms of £ millions are presented in [Public sector net financial liabilities: Appendix F] dataset.

The supplementary fiscal aggregates are explained in more detail in background note 7.

7 . Net borrowing and debt statistics compared with OBR forecast

The [Office for Budget Responsibility (OBR)] normally produces forecasts of the public finances twice a year (usually in March and December). The latest [OBR forecast] was published on 23 November 2016.

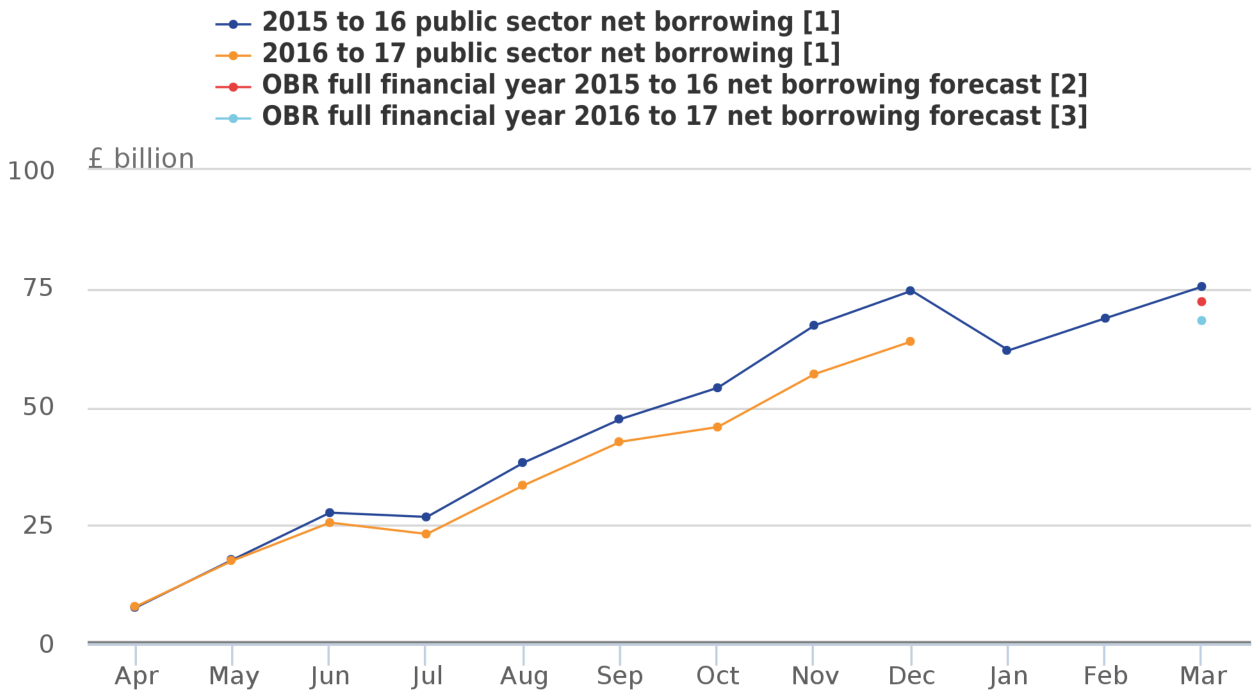
Figure 7 and Table 3 enable users to compare emerging data against the OBR forecasts. Caution should be taken when comparing public finance data with OBR figures for the full financial year, as data are not finalised until after the financial year ends. Initial estimates soon after the end of the financial year can be subject to sizeable revisions in later months. In addition, in-year timing effects on spending and receipts can affect year-to-date comparisons with previous years.

There can also be some methodological differences between OBR forecasts and outturn data. In its latest publication, OBR published a table within their [Economic and fiscal outlook supplementary fiscal tables: receipts and other - November 2016] titled “Table: 2.45 Items included in OBR forecasts that ONS have not yet included in outturn”.

Figure 7 illustrates the public sector net borrowing excluding public sector banks (PSNB ex) for the tenth provisional estimate of the complete financial year ending March 2016 (April 2015 to March 2016), along with the first provisional estimate of the current financial year-to-date (April to December 2016). These are not final figures and may be revised as provisional data are replaced with finalised and audited data.

Figure 7: Cumulative public sector net borrowing by month; financial year ending March 2016 and current financial year-to-date (April to December 2016)

UK, all data excluding public sector banks



Source: Office for National Statistics

Notes:

1. For the financial year ending 2016 (April 2015 to March 2016) and the financial year ending 2017 (April 2016 to March 2017).

2. OBR forecast for public sector net borrowing excluding public sector banks from March 2016 Economic and Fiscal Outlook (EFO).

3. OBR forecast for public sector net borrowing excluding public sector banks from November 2016 Economic and Fiscal Outlook (EFO).

Public sector net borrowing (excluding public sector banks) decreased by £20.9 billion to £75.4 billion in the financial year ending March 2016 (April 2015 to March 2016), compared with the previous financial year. By comparison, the OBR forecast for the financial year ending March 2016 (April 2015 to March 2016) was £72.2 billion, which is £3.2 billion below the latest outturn estimate.

In the current financial year-to-date (April to December 2016), public sector net borrowing (excluding public sector banks) decreased by £10.6 billion to £63.8 billion compared with the same period in 2015.

In the Spring Budget (16 March 2016), [OBR estimated] that the public sector would borrow £55.5 billion during the financial year ending March 2017 (April 2016 to March 2017). This forecast was subsequently revised upward to £68.2 billion at the [Autumn Statement] (23 November 2016). This £68.2 billion represents an estimated reduction in borrowing of £7.2 billion on the provisional outturn for the financial year ending March 2016 (April 2015 to March 2016).

Table 3 compares the year-to-date (April to December 2016) estimate of the main public sector fiscal aggregates with the same period in the previous financial year. It contrasts these data with the percentage change between the latest full year outturn data for the financial year ending March 2016 (April 2015 to March 2016) and the OBR forecast for the financial year ending March 2017 (April 2016 to March 2017), as published in November 2016.

Table 3: Public sector latest outturn estimates vs Office for Budget Responsibility (OBR) forecasts

UK, excluding public sector banks — £ billion[1] (not seasonally adjusted)

	Financial year-to-date[7]			Full financial year[8]		
	2016 /17[8]	2015 /16[8]	Increase /Decrease %	2016/17 OBR Forecast[9]	2015/16 Outturn	Forecast Increase /Decrease %
Current budget deficit[2]	41.9	53.3	-21.3	30.8	41.9	-26.6
Net investment[3]	21.9	21.2	3.2	37.4	33.5	11.8
Net borrowing [4]	63.8	74.5	-14.3	68.2	75.4	-9.6
Net debt [5]	1,698.1	1,606.6	5.7	1,725.0	1,602.4	7.7
Net debt as a percentage of GDP[6]	86.2	84.5	NA	87.3	83.6	NA

Source: Office for National Statistics

Notes:

1. Unless otherwise stated.

2. Current budget deficit is the difference between current expenditure (including depreciation) and current receipts.

3. Net investment is gross investment (net capital formation plus net capital transfers) less depreciation.

4. Net borrowing is current budget deficit plus net investment.

5. Net debt is financial liabilities (for loans, deposits, currency and debt securities) less liquid assets.

6. GDP at current market price.

7. Financial year-to-date refers to the period from April to December.

8. 2016/17 refers to financial year ending in March 2017 and 2015/16 refers to financial year ending in March 2016.

9. All OBR figures are from the OBR Economic and Fiscal Outlook published in November 2016.

10. NA denotes 'not applicable'.

On the same day as this bulletin is released, the OBR publishes a commentary on the latest figures and how these reflect on its forecasts. The OBR provides this commentary to help users interpret the differences between the latest outturn data and the OBR forecasts by providing contextual information about assumptions made during the OBR's forecasting process.

8 . International comparisons of borrowing and debt

The UK government debt and deficit for Eurostat statistical bulletin is published quarterly (in January, April, July and October each year), to coincide with when the UK and other European Union member states are required to report on their deficit (or net borrowing) and debt to the European Commission.

On 18 January 2017, we published the latest UK Government Debt and Deficit for Eurostat statistical bulletin, consistent with the November 2016 public sector finance bulletin (21 December 2016). In this publication we stated that:

- general government gross debt was £1,652.0 billion at the end of March 2016, equivalent to 87.6% of gross domestic product (GDP); an increase of £47.9 billion on March 2015

- general government deficit (or net borrowing) decreased by £19.1 billion to £76.3 billion (equivalent to 4.0% GDP) in the financial year-to-date March 2016, compared with the previous financial year

It is important to note that the GDP measure, used as the denominator in the calculation of the debt ratios in the UK government debt and deficit for Eurostat statistical bulletin, differs from that used within the Public sector finances statistical bulletin.

An article, [The use of GDP in public sector fiscal ratio statistics](#) explains that for debt figures reported in the monthly public sector finances, a 12 month GDP total centred on the month is employed, while in the UK government debt and deficit for Eurostat statistical bulletin the total GDP for the preceding 12 months is used.

9 . Public sector net cash requirement

Net cash requirement is a measure of how much cash the government needs to raise (or lend) to balance its accounts. In very broad terms, net cash requirement equates to the change in the level of debt.

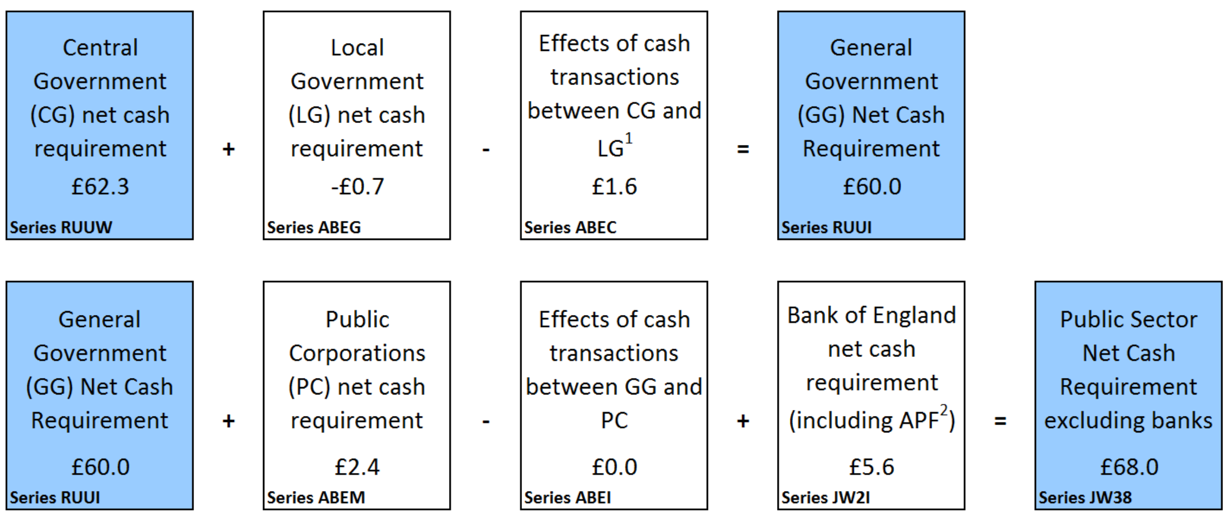
The public sector net cash requirement excluding public sector banks (PSNCR ex) follows a similar trend to that of public sector net borrowing by peaking in the financial year ending March 2010, though in recent years transfers from the Asset Purchase Facility have had a substantial impact on PSNCR ex but are PSNB ex neutral.

PSNCR ex in the current financial year-to-date (April to December 2016) was £68.0 billion; £13.4 billion, or 24.6% higher than in the same period in 2015.

Changes in net debt between 2 points in time are normally similar to the net cash requirement for the intervening period, though the relationship is not an exact one. Central government net cash requirement is reconciled against the change in central government net debt in Table REC3 in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Figure 8 presents public sector net cash requirement by sub-sector for the financial year-to-date (April to December 2016). Time series for each of these component series are presented in Table PSA7A in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Figure 8: Sub-sector split of public sector net cash requirement excluding public sector banks, financial year-to-date (April to December 2016) UK, £ billion)



Central government net cash requirement (CGNCR) is a focus for some users, as it provides an indication of how many gilts (government bonds) the Debt Management Office may issue to meet the government's borrowing requirements.

In the current financial year-to-date (April to December 2016), CGNCR was £62.3 billion; £3.6 billion, or 5.5% lower than in the same period in 2015.

Cash transfers from the Asset Purchase Facility (APF) were £1.5 billion higher in the current financial year-to-date (April to December 2016), than in the same period in the previous financial year-to-date. Without the impact of these transfers, CGNCR would have been £2.1 billion lower in the current financial year-to-date than in the same period in the previous year.

CGNCR is quoted both including and excluding the net cash requirement of Network Rail (NR) and UK Asset Resolution LTD (UKAR) (who manage the closed mortgage books of both Bradford & Bingley and Northern Rock Asset Management).

CGNCR excluding Network Rail (NR) and UK Asset Resolution LTD (UKAR) are calculated by HM Treasury on a monthly basis. Similarly, UKAR supply us with their NCR on a monthly basis, however, we obtain supplementary data from their audited 6 monthly accounts which may result in revisions to data in the 6 months prior to these published accounts. The NCR of NR is derived from published annual accounts meaning that the estimates for any "current financial year" (pre publication of their annual report) are based on ONS estimates and may be subject to revision at a later date.

The time series for the components of CGNCR are presented in Table PSA7C in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Recent events impacting on CGNCR

For the current financial year, ending March 2017 (April 2016 to March 2017) the following event has reduced the CGNCR to date:

- the transfers between the Bank of England Asset Purchase Facility Fund (BEAPFF) and central government

In the financial year ending March 2016 (April 2015 to March 2016) the following events reduced the CGNCR:

- the transfers between the Bank of England Asset Purchase Facility Fund (BEAPFF) and central government
- the sale of shares in Lloyds Banking Group
- the sale of shares in Eurostar
- the sale of shares in Royal Mail
- the sale of shares in Royal Bank of Scotland
- the sale of UK Asset Resolution Limited (UKAR) assets
- the re-imbursement of support payments made to Icesave

In the financial year ending March 2015 (April 2014 to March 2015) the following events reduced the CGNCR:

- the transfers between the BEAPFF and central government
- the sale of shares in Lloyds Banking Group

In the financial year ending March 2014 (April 2013 to March 2014) the following events reduced the CGNCR:

- the transfers between the BEAPFF and central government
- the sale of shares in Lloyds Banking Group
- the sale of shares in Royal Mail

In the financial year ending March 2013 (April 2012 to March 2013) the following events reduced the CGNCR:

- the transfers between the BEAPFF and central government
- the Royal Mail Pension Plan transfer and subsequent sale of assets
- the transfer of the Special Liquidity Scheme final profits between Bank of England and central government
- the 4G Spectrum sale

Public sector net cash requirement

Although the central government net cash requirement is the largest part of the public sector net cash requirement excluding public sector banks (PSNCR ex), the total public sector net cash requirement (PSNCR) can be very different. The reason is that the PSNCR includes the net cash requirement of the public sector banking groups. In recent years, the public sector banking groups have recorded large cash surpluses which have had a substantial impact on the public sector net cash requirement.

10 . Central government receipts and expenditure

Current receipts

The government receives income mainly from taxes but also from National Insurance contributions, interest and dividends, fines and rent.

As cash receipts are generally accrued back to earlier periods when the economic activity took place, the first monthly estimate for receipts is by nature provisional, and must include a substantial amount of forecast data.

Central government receipts follow a strong cyclical pattern over the year, with high receipts in April, July, October and January due to quarterly Corporation Tax returns being accrued to these months.

In both January and July (to a lesser extent) accrued receipts are particularly high due to receipts from quarterly Corporation Tax combining with those from Income Tax self-assessment. The revenue raised through Income Tax self-assessment, as well as primarily affecting January and July receipts, also tends to lead to high receipts in the following month (February and August respectively), although to a lesser degree.

Pay as you earn (PAYE) tends to vary little throughout the financial year on a monthly basis (excluding bonus months).

In recent years transfers from both the Bank of England Asset Purchase Facility Fund (BEAPFF) and the Special Liquidity Scheme (SLS) have boosted central government receipts. These transfers to central government have no impact on public sector borrowing due to the central government receipts being offset by the payments from the Bank of England.

Current expenditure

Current expenditure is the government's spending on activities such as: social benefits (mainly pension payments), interest payments and other current expenditure including government departmental spending (excluding spending on capital assets).

Trends in central government current expenditure can be affected by monthly changes in debt interest payments, which can be volatile as they depend on the movements in the Retail Prices Index. Excluding debt interest makes this statistic less volatile.

There is however one regular peak in net social benefits, which are higher in November than in other months due to the annual payment of the winter fuel allowance.

Year-on-year growth in net social benefits is affected by the uprating of benefits to compensate for inflation based on the Consumer Prices Index (CPI).

For recent years these are: 2.7% in the financial year ending March 2015; 1.2% in the financial year ending March 2016 and negative 0.1% for the financial year ending March 2017 (meaning that the rates have remained frozen). These apply to benefits for pensioners (apart from the State Pension). Most benefits for people of working age are frozen for the financial year ending March 2017.

However, for State Pensions, the largest component within net social benefits, there is a "triple guarantee" that means that they are uprated by the highest of the CPI, increases in earnings or 2.5%. For the financial year ending March 2017, they were uprated by the rise in annual earnings which was 2.9%.

It can be difficult to compare the profile of monthly central government expenditure even when excluding both debt interest and net social benefits.

Since the financial year ending March 2014, there have been continual changes to the profile of central government grants to local government.

In the financial year ending March 2016, the Revenue Support Grant (the main general grant paid to local authorities in England) was paid with a third of the total in April and the remainder in equal instalments in all the other months, whereas, in the financial year ending March 2015, more than half of it was paid in April with the bulk of the remaining balance paid in February and March. This financial year (ending March 2017) the monthly pattern of grants has changed again and is much flatter with 10% being paid in April and the remainder flat through the year. The overall level is also lower than last year.

Current budget deficit

The gap between current expenditure and current receipts (having taken account of depreciation) is referred to as the current budget. When current expenditure is greater than current receipts (income), the public sector runs a current budget deficit.

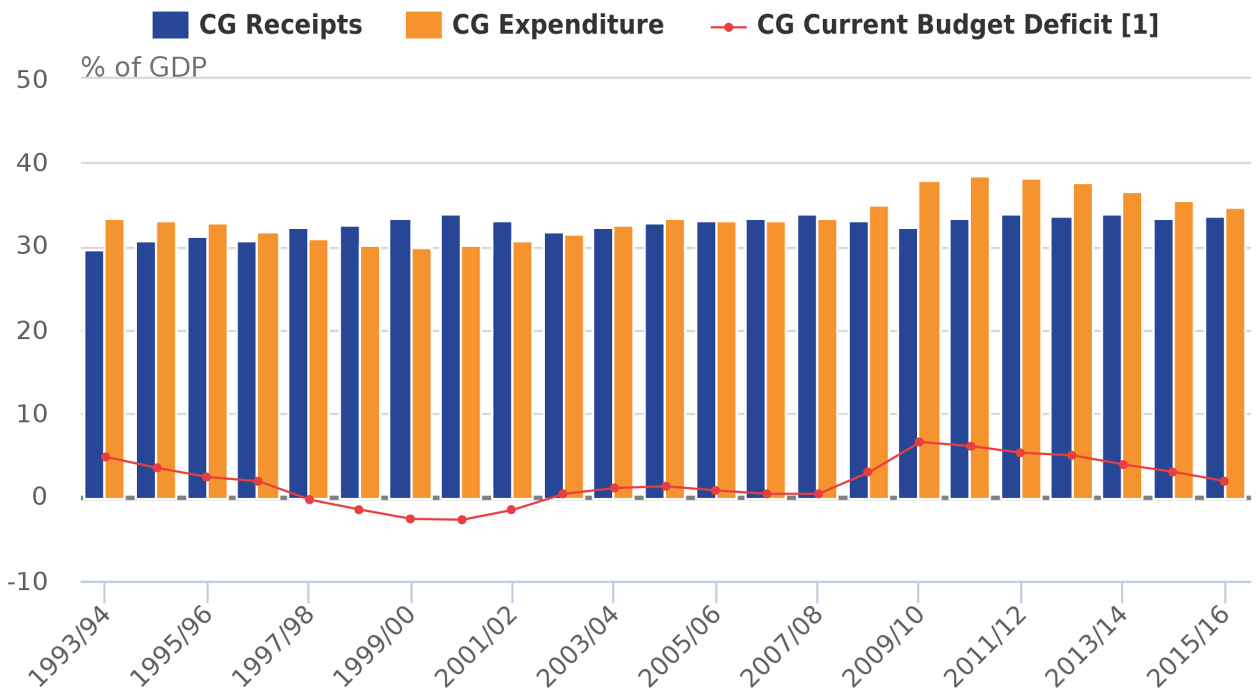
In December 2016, the central government current budget deficit was £3.3 billion, a decrease in the current budget deficit of £2.8 billion, or 45.5% compared with December 2015.

The central government current budget deficit in the current financial year-to-date (April to December 2016) was £36.7 billion; which was £14.5 billion, or 28.3% lower than in the same period in 2015.

Figure 9 illustrates that the central government current budget deficit (as a percentage of GDP) has reduced since the financial year ending March 2010 (April 2009 to March 2010), but is still larger than before the global financial shock.

Figure 9: Central government receipts, expenditure and current budget deficit [1] as a percentage of GDP by financial year; the financial year ending 1994 to the financial year ending March 2016 [2]

UK, all data excluding public sector banks



Source: Office for National Statistics

Notes:

1. Current budget deficit is receipts minus expenditure but also includes the effects of depreciation.

2. Financial year 2015/16 represents the financial year ending 2016 (April 2015 to March 2016).

In recent years the current budget has been in deficit in most months. January and July tend to be surplus months as these are the 2 months with the highest receipts.

Net investment

Net investment represents the government’s spending on capital assets, like infrastructure projects, property and IT equipment, both as grants and by public sector bodies themselves minus capital receipts from the sale of capital assets.

In the financial year-to-date (April to December 2016), central government's net investment was £23.9 billion. This represents an increase of £0.6 billion, or 2.7%, on the same period in the previous year.

Central government net investment is difficult to predict in terms of its monthly profile as it includes some large capital grants (such as those to local authorities and education institutions) and can include some large capital acquisitions or disposals, all of which vary from year to year. Net investment in the last quarter of the financial year is usually markedly higher than that in the previous 3 quarters.

Central government net investment includes the direct acquisition minus disposal of capital assets (such as buildings, vehicles, computing infrastructure) by central government. It also includes capital grants to and from the private sector and other parts of the public sector. Capital grants are varied in nature and cover payments made to assist in the acquisition of a capital asset, payments made as a result of the disposal of a capital asset, transfers in ownership of a capital asset and the unreciprocated cancellation of a liability (that is conceding a debt will not be repaid).

The sum of net investment (spending on capital less capital receipts) and the current budget deficit constitute net borrowing.

11 . Recent events and forthcoming methodological changes

Classification decisions

Each quarter we publish a forward workplan outlining the classification assessments we expect to undertake over the coming 12 months. To supplement this, each month a classifications update is published which announces classification decisions made, and includes expected implementation points (for different statistics) where possible.

Classification decisions are reflected in the public sector finances at the first available opportunity and, where necessary outlined in this section of the statistical bulletin.

Lloyds Banking Group share sales

In recent years the government has entered a programme of selling shares in publicly owned organisations. For most share sales, the proceeds will reduce the central government net cash requirement (CGNCR) and public sector net debt (PSND) by an amount corresponding to the cash raised from the sale but have no impact on public sector net borrowing.

On 17 September 2013, the UK government began selling part of its share holdings in Lloyds Banking Group (LBG). A further share sale on 23 and 24 March 2014 meant that the UK government surrendered, in total, a 13.5% stake in the institution, a quantity sufficient to lead to LBG being re-classified from a public sector body to a private sector body.

Since December 2014, the government has continued reducing its shareholding in LBG via a pre-arranged trading plan, raising an estimated total of £16.2 billion to date.

On 7 October 2016 the government announced the next phase in its plan to sell the British taxpayers' remaining 9.1% stake in Lloyds Banking Group, with Morgan Stanley International acting as broker (on behalf of HM Treasury) in the execution of the trading plan.

Bank of England Asset Purchase Facility Fund (BEAPFF)

The BEAPFF (often abbreviated to APF) currently holds government securities (gilts) on which it earns interest, and pays interest on the reserves created by the Bank of England to finance it. These interest flows are reflected in both the public sector net cash requirement (PSNCR ex) and the public sector net borrowing (PSNB ex) although the interest received on gilts is internal to the public sector whereas the financing interest paid is external. In addition to these interest flows there are regular transfers of excess cash in the APF to the Exchequer. These flows are internal to the public sector and so do not affect PSNB ex.

In December 2016, there were no transfers from the BEAPFF to HM Treasury, with the total money transferred to HM Treasury under the APF scheme remaining at £8.1 billion in this financial year-to-date (April to December 2016), £1.5 billion more than in the same period in the previous financial year.

The Bank of England entrepreneurial income for the financial year ending March 2016 (April 2015 to March 2016) was calculated as £11.9 billion. This is the total amount of dividend transfers that can impact on central government net borrowing in the financial year ending March 2017 (April 2016 to March 2017).

The net liabilities of the APF increase public sector net debt (PSND ex) as shown in Table 8D in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

The treatment of the recently announced Monetary Policy Committee economic package in public sector finances statistics

On 3 August 2016, the Monetary Policy Committee (MPC) voted to introduce a package of measures to support the economy. This package comprised:

- a 25 basis point cut in Bank Rate to 0.25%
- a new Term Funding Scheme to reinforce the pass-through of the cut in Bank Rate
- the purchase of up to £10 billion of UK corporate bonds
- an expansion of the asset purchase scheme for UK government bonds of £60 billion

The £60 billion expansion of the APF will take the total stock of government bond purchases to £435 billion. On top of this, the APF may purchase up to £10 billion of corporate bonds. The flows and liabilities related to the government bonds will be recorded in the same way as for the existing bond holdings with the impact on public sector net debt being limited to the difference between the purchase price of the bonds and their face value. However, any private sector corporate bonds purchased will lead to an increase in public sector net debt equal to the total purchase price of the bonds as the bonds are not liabilities of the public sector.

For more detail of transactions relating to the Asset Purchase Facility, see Table PSA9 in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Term Funding Scheme

The Term Funding Scheme (TFS) is operated by the Bank of England through the Asset Purchase Facility Fund. It is designed to reinforce the transmission of Bank Rate cuts to those interest rates actually faced by households and businesses by providing term funding to banks at rates close to the Bank Rate.

We have classified the Bank of England's TFS in accordance with international rules set out in the European System of Accounts 2010 (ESA 2010) and accompanying statistical manuals.

We have concluded that our economic statistics will reflect the TFS in the public sector balance sheet through both a loan asset for the TFS lending to banks and building societies and a deposit liability relating to the creation of central bank reserves.

The impact of this classification decision on the main UK fiscal metrics is that (all else being equal) public sector net debt will be increased by the liability relating to the creation of the central bank reserves and public sector net borrowing will be decreased by the net interest flows relating to the TFS loans and central bank reserves.

By the end of December 2016, the Bank of England had made £20.1 billion of loans through the Term Funding Scheme. These transactions have been financed by the creation of central bank reserves and so will increase public sector net debt accordingly.

The transactions under TFS relating to the public sector balance sheet are presented in Table PSA9, in the Public Sector Finances Tables 1 to 10: Appendix A dataset, which provides detailed information of the transactions within the Bank of England Asset Purchase Facility Fund (APF) and TFS's loan liability.

The Corporation Tax and Bank Corporation Tax surcharge

Corporation Tax and Bank Corporation Tax surcharge collected by HM Revenue and Customs (HMRC) are based on the taxable profits in companies' accounting periods. These accounting periods are usually 12 months in duration and can start in any month, although many companies have either calendar year or financial year accounting periods.

Currently no timing adjustments are made to Corporation Tax or bank surcharge cash receipt estimates used in compiling public sector finance and national accounts statistics; with the cash received by HMRC used as a proxy for accrued receipts.

There are 3 distinct Corporation Tax payment regimes:

- non-oil companies or groups with chargeable profits over £1.5 million are required to pay their estimated Corporation Tax and/or Bank Corporation Tax surcharge liabilities in quarterly instalment payments (QIP); these payments are currently due by the middle of the months 7, 10, 13 and 16 after the start of the accounting period for such companies with year-long accounting periods

- small non-oil companies are required to pay their liabilities 9 months and 1 day after the end of their accounting period

- oil companies (large and small) are required to pay North Sea Corporation Tax (also referred to as Ring Fenced Corporation Tax) in 3 equal installments paid on the 14th day of July, October and January (months 7, 10 and 13 from the start of the accounting period)

At the summer Budget 2015, the then Chancellor of the Exchequer announced that from April 2017 onwards, the instalment payment due dates for non-oil companies or groups with chargeable profits over £20 million would be brought forward to the 3rd, 6th, 9th and 12th months of a year-long accounting period. Further, at Budget 2016, it was announced that the start date for this measure would be delayed such that the new earlier payment due dates for these companies or groups would only apply for accounting periods starting from April 2019 onwards.

Should it be implemented this revised payment schedule would mean that substantial amounts of Corporation Tax and Bank Corporation Tax surcharge cash payments would be received earlier than would have otherwise have been the case.

As Corporation Tax and Bank Corporation Tax surcharge are currently accounted for on a receipts basis in public sector finance and national accounts estimates this would mean that estimated Corporation Tax and Bank Corporation Tax surcharge revenues (and hence estimated total tax revenues) would be significantly higher during the period in which the new payment due dates start to take effect.

Since companies pay their Corporation Tax, Bank Corporation Tax surcharge and Bank Levy at the same time and in the same way, we are considering whether Bank Levy should also have the same time adjusted cash methodology applied to it as Corporation Tax and Bank Corporation Tax.

On the current (cash equals accrued receipts) basis, this large increase in the measure of Corporation Tax and Bank Corporation Tax surcharges would increase estimates of accrued receipts in public sector finances and national accounts, even though there will have been no change in actual accruals. At the Budget 2016, it was estimated that this increase would be around £6 billion for financial year ending March 2020 and over £3 billion in financial year ending March 2021.

We are currently working with HMRC and HM Treasury to improve the accruals approximation through the introduction of time-adjusted data for Corporation Tax and Bank Corporation Tax surcharge into the public sector finance and national accounts statistics. In line with normal accruals methodology this change would move cash receipts so that the 4 quarterly payments fell into the correct accounting year. A different payment regime applies to the oil and gas sector and so a new methodology will require different movements to align cash receipts and the accounting period.

We are currently compiling estimates for the new time adjusted cash based recording of corporation tax (and the Bank Levy) with the intention to introduce these changes in the January public sector finance bulletin (published on 21 February 2016). Table 4 summarises our current estimate of the impact of this methodological change on central government receipts between the financial year ending March 2009 and the financial year ending March 2014. We are still working on compiling estimates for later and earlier years.

Table 4: Impact on central government receipts of moving to the time adjusted cash recording of corporation tax

UK £ billion

Financial year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Cash receipts	47.0	43.9	36.6	43.0	43.1	40.5	40.3
Time adjusted cash receipts	n/a	37.5	40.1	44.2	42.1	41.8	41.6
Revision	n/a	-6.4	3.5	1.1	-1.0	1.3	1.3

Source: Office for National Statistics

Notes:

1. Financial year 2013/14 represents the financial year ending 2014 (April 2013 to March 2014).

2. n/a – not yet available

While revisions between the financial year ending 2011 and the financial year ending 2014 are of the magnitude of £1 billion this reflects relatively flat Corporation Tax receipts in these years. However, revisions to the financial years ending March 2010 and March 2009 are expected to be much larger as Corporation Tax cash receipts dipped substantially in the financial year ending in March 2010, largely due to the impacts of the economic downturn and reduced receipts from the oil and gas sector, before recovering in the following year.

As a consequence of these changes to central government receipts, public sector net borrowing (including CGNB, PSNB ex and PSNB) would be revised by a corresponding but opposite amount. For instance, the latest estimates suggest a downward revision to PSNB ex of £1.3 billion in the financial year ending March 2014 but an upward revision of £6.4 billion to PSNB ex in the financial year ending 2009.

In addition to Corporation Tax, no timing adjustments to cash receipts are currently made to estimates of self-assessed Income Tax, Capital Gains Tax and Stamp Duty Land Tax used in compiling public sector finance and national accounts statistics; with the cash received by HMRC again used as a proxy for accrued receipts. We will continue working with HMRC and HM Treasury to investigate and improve accruals approximation and introduce further time-adjusted data in due course.

As a further consequence of these changes, both central government and public sector net borrowing will follow a smoother monthly path, with the usual July surplus (as a result of the increased self-assessment payments each July) no longer being a feature.

Housing associations (devolved administrations)

We are currently working with the devolved administrations with the intention of extending our coverage of the impact of the reclassification of private registered providers of social housing (from the private to the public corporation sector) to cover not only England but also the devolved administrations.

Based on the financial year ending 2015 published accounts we expect the impact in the financial year ending 2016 to be an increase of between £6.5 and £7.0 billion on public sector net debt and approximately £0.4 billion on public sector net borrowing.

Dependent on our ability to source and quality assure the necessary data, we aim to introduce these changes in the January public sector finance bulletin (published on 21 February 2017).

The extent to which we can source historical data are yet to be determined, though we expect that initially we will only implement for recent years. We envisage the implementation of the back series all the way to 1996 (England and Wales), 1992 (Northern Ireland) and 2001 (Scotland) in the public sector finances will be completed over a longer timescale.

National accounts will only be implementing the reclassification of English housing associations from the financial year ending 2009 onwards in Blue Book 2017, with the devolved housing associations (and pre-2008 English housing associations) to be implemented at a later date.

Housing associations (England)

The reclassification of English private registered providers of social housing (referred to in this bulletin as housing associations) from the private to the public corporation sector was reflected in public sector finances for the first time in the January 2016 statistical bulletin. This reclassification, announced on 30 October 2015, affects over 1,500 bodies providing social housing and applies back to July 2008 when the controls in the Housing and Regeneration Act 2008 came into force.

The impact on the borrowing and debt of public corporations of this reclassification is summarised in " Impact of the reclassification of housing associations into the public sector; Appendix E ".

It is important to realise that current estimates of the impact of the reclassification of housing associations are preliminary estimates which may be updated when new data become available or methodological improvements are made. At present, we are actively seeking alternative data sources to investigate the impact of smaller providers on net borrowing, net cash requirement and net debt. We are also doing further work to test the assumptions that have been made in compiling the estimates. These were:

- all housing association debt is assumed to be held by the private sector – the [Quarterly Survey of Private Registered Providers] for March 2015 showed that banks, building societies and capital markets contributed 99% to agreed sources of funding

- the Global Accounts are collected for the entire financial year – monthly transactions were estimated by dividing the financial year figure by 12

- providers which own less than 250 properties (less than 2% of the total stock) are assumed to have no net debt and not be investing in new properties

- providers owning or managing between 250 and 1,000 properties are assumed to have the same gross debt per 1,000 properties as those owning or managing between 1,000 and 2,500 homes

- the relative impact of small providers on the accounts is assumed to be constant between financial year ending March 2009 and financial year ending March 2015

This reclassification has been introduced in public sector finances before implementation in the Quarterly National Accounts and Blue Book publications. Any work to improve the methods and data sources used in these estimates will be reflected in the national accounts publications at the time the reclassification is implemented.

It is important to note that the data used to calculate the net borrowing, net cash requirement and net debt of housing associations are sourced from published annual accounts. Where no accounts data are available we estimate our data based on OBR published forecasts. Currently both the financial year ending March 2016 and the current financial year-to-date (April to December 2016) are based on such forecasts which will be replaced once published annual accounts become available.

12 . Revisions since previous bulletin

In publishing monthly estimates, it is necessary that a range of different types of data sources are used. A summary of the different sources used and the implications this has for data revisions is provided in the document Sources summary and their timing.

The Public Sector Finances Revision Policy provides information of when users of the statistics published in the public sector finances and UK government debt and deficit for Eurosts statistical bulletins should expect to see methodological and data related revisions.

More detail of the methodology and sources employed can be found in the Public Sector Finances Methodological Guide.

Table 5 summarises revisions between the data contained in this bulletin and the previous publication.

Revisions tend to be the result of both updated data sources and methodology changes. This month the reported revisions are solely the result of data changes.

Public sector net borrowing excluding public sector banks (PSNB ex)

Revisions to PSNB ex are limited to the current financial year-to-date (April to November 2016), which revised down by £2.6 billion to £57.0 billion.

Of this £2.6 billion, central government net borrowing revised down by £2.0 billion, while local government net borrowing revised down by £0.5 billion.

Central government net borrowing

In the current financial year-to-date central government current receipts (including taxes) were collectively revised up by £1.2 billion. Of these receipts, social contributions (National Insurance payments), VAT and interest & dividends receipts were revised upward by £0.6 billion, £0.4 billion and £0.2 billion respectively.

Over the same period, estimates of current expenditure have been revised downwards by £0.6 billion, almost entirely due to decreases in the estimate of “other” current expenditure. Of this £0.6 billion, estimate of departmental expenditure on goods & services decreased by £1.0 billion, while transfers to local government increased by £0.4 billion.

The upward revisions to receipts and downward revisions to expenditure meant that the current budget deficit in the financial year-to-date decreased by £1.8 billion.

Net investment was revised downward by £0.2 billion, largely due to a decrease in gross capital formation of £0.5 billion, partially offset by an increase in capital transfers to local government of £0.2 billion.

The decrease of £1.8 billion in the current account, combined with the £0.2 billion decrease in the capital account meant that central government net borrowing in the financial year-to-date decreased by £2.0 billion compared with the previous estimate (published on 21 December 2016).

Local government net borrowing

Upward revisions to both the estimates of current and capital grants from central government led to both local government current expenditure (current grants received are recorded as negative expenditure) and net investment decreasing by £0.4 billion and £0.2 billion respectively.

The decrease of £0.4 billion in the current account, combined with the £0.2 billion decrease in the capital account meant that local government net borrowing in the financial year-to-date decreased by £0.5 billion compared with the previous estimate (published on 21 December 2016).

Public sector net debt excluding public sector banks (PSND ex)

PSND ex at the end of November 2016 was revised upward by £8.6 billion compared with the previous estimate (published on 21 December 2016).

This revision was largely as a result of the inclusion of new APF data from Bank of England (including the Term Funding Scheme and the purchase of corporate bonds) being incorporated into our estimate of debt.

The expansion of the APF scheme has afforded us opportunity to quality assure the construction of estimates derived from data published and supplied by the Bank of England. These improvements have contributed in part to the reported debt revision and similar revisions in “'Table PSA9 Bank of England Asset Purchase Facility”.

Public sector cash requirement excluding public sector banks (PSNCR ex)

In the current financial year-to-date (April to November 2016), PSNCR ex was revised downward by £1.4 billion compared with the previous estimate (published on 21 December 2016).

As with debt, this revision to net cash requirement was largely due to new APF data from the Bank of England (including the Term Funding Scheme and the purchase of corporate bonds) being incorporated into our estimate of net cash requirement.

Table 5: Revisions between this bulletin and the previous bulletin

UK, previous bulletin refers to the PSF bulletin published on 21 December 2016

£ billion[1] (not seasonally adjusted)

	Net Borrowing							
Period	CG [2]	LG [3]	NFPCs [4]	BoE [5]	PSNB ex[6]	PSND ex[7]	PSND % of GDP	PSNCR ex [8]
2013/14	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014/15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015/16	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0
2016/17 ytd[10]	-2.0	-0.5	0.0	0.0	-2.6	8.6	0.1	-1.4
2016 April	0.3	0.0	0.0	0.0	0.3	0.0	-0.3	0.0
2016 May	0.2	0.0	0.0	0.0	0.2	0.0	-0.2	0.0
2016 June	0.4	-0.2	0.0	0.0	0.2	0.0	-0.3	0.0
2016 July	-0.2	0.0	0.0	0.0	-0.2	0.0	-0.2	0.0
2016 Aug	0.2	0.0	0.0	0.0	0.1	0.9	-0.2	0.0
2016 Sept	-0.1	0.0	0.0	0.0	-0.1	2.3	-0.2	-11.1
2016 Oct	-1.4	-0.3	0.0	0.0	-1.7	2.3	-0.1	3.3
2016 Nov	-1.4	0.0	0.0	0.0	-1.4	8.6	0.1	6.5

Source: Office for National Statistics

Notes:

1. Unless otherwise stated.

2. Central government.

3. Local government.

4. Non-financial public corporations.

5. Bank of England.

6. Public sector net borrowing excluding public sector banks.

7. Public sector net debt excluding public sector banks.

8. Public sector cash requirement excluding public sector banks.

9. 2015/16 represents financial year ending 2016 (April 2015 to March 2016).

10. ytd = Year-to-date, April to November 2016.

To provide an insight into the drivers of the historical revisions between publications, this bulletin presents 3 revisions tables:

- Table PSA1R complements PSA1 and provides a revisions summary (between the current and previous publication) to headline statistics in this release

- Table PSA2R complements PSA2 and provides the revisions (between the current and previous publication) to net borrowing by sector

- Table PSA6R complements PSA6B and provides the revisions (between the current and previous publication) to the components of central government net borrowing

Tables PSA1R and PSA6R are published in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

In addition, the Revisions analysis for Public Sector Finances: Appendix C dataset presents a statistical analysis of several main components of the central government account (current receipts, current expenditure, net borrowing and net cash requirement) to determine whether their average revisions are statistically significant.

13 . New to the bulletin

Supplementary fiscal aggregates

In December 2016, we have published the 2 new supplementary fiscal aggregates announced in the government's 2016 Autumn Statement (published on 23 November 2016) for the first time.

Public sector net debt excluding both public sector banks and the Bank of England (PSND ex BoE)

Time series for PSND ex BoE as a percentage of GDP and PSND ex BoE (£ millions) are presented in Tables PSA5A and Table PSA8D respectively, in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Public sector net financial liabilities (PSNFL)

PSNFL is an Experimental Statistic and will be subject to further quality assurance and subsequent revisions in the coming months. While, PSNFL is presented as a percentage of GDP in Tables PSA5A, estimates expressed in terms of £ millions are presented in the Public sector net financial liabilities: Appendix F dataset.

Appendix F provides a reconciliation of PSND ex and PSNFL.

On 23 November 2016 we published a methodology paper defining PSND ex BoE and PSNFL and explaining the coverage of the aggregates and, in broad terms, what they represent. This paper also discusses the quality of the different data sources underpinning the new aggregates.

Term Funding Scheme

The Term Funding Scheme (TFS) is operated by the Bank of England through the Asset Purchase Facility Fund (APF). It is designed to reinforce the transmission of Bank Rate cuts to those interest rates actually faced by households and businesses by providing term funding to banks at rates close to the Bank Rate. It became operational in September 2016.

The presentation in Table PSA9, in the Public Sector Finances Tables 1 to 10: Appendix A dataset, which provides detailed information of the transactions within the APF has been extended to include TFS's loan liability.

We published a classification article, Economic statistics classification article; statistical treatment of the Bank of England's Term Funding Scheme in UK National Accounts and public sector finances on 21 October 2016 detailing the classification of TFS.

Housing associations

In response to your feedback, we recently introduced a new table titled "Impact of the reclassification of housing associations into the public sector; Appendix E", summarising the impact of the reclassification of English private registered providers of social housing (referred to in this bulletin as housing associations) from the private to the public corporation sector on the net borrowing and net debt of public corporations (and so also at a public sector level).

Public sector current receipts dataset

In response to your feedback, we recently introduced a new dataset titled "Public sector current receipts: Appendix D" , providing a breakdown of public sector income by month, financial year-to-date and full financial year. The dataset includes additional detail to that previously published in the monthly statistical bulletin which we hope you will find useful.

14 . Consultation with users

As part of our continuous engagement strategy, we welcome your feedback on ways in which this bulletin can be improved. Please email: public.sector.accounts@ons.gsi.gov.uk

UK Statistics Authority assessment of public sector finances

Alongside monitoring the production and publication of official statistics, the UK Statistics Authority's statutory function is to prepare, adopt and publish a Code of Practice for Official Statistics (in consultation with others as appropriate), setting out the standards that the Statistics Authority expects official statistics to meet. The Statistics Authority also determines whether official statistics comply with the Code and, if so, designates them with the quality mark "National Statistics". The process of determining compliance with the Code and designation as National Statistics is known as "Assessment".

On 8 November 2015, the UK Statistics Authority published its latest assessment report of public sector finances. The report confirmed the National Statistics status of the public sector finances bulletin subject to certain requirements being met.

15. Background notes

1. **List of tables associated with this bulletin**

   Table 6 lists all the data tables associated with this bulletin and may be found in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

   Table 6: List of tables associated with this bulletin

Table Name	Title
PSA1	Public sector summary
PSA2	Public sector net borrowing: by sector
PSA3	Public sector current budget deficit, net borrowing and net cash requirement (excluding public sector banks)
PSA4	Public sector net debt (excluding public sector banks)
PSA5A	Long run of fiscal indicators as a percentage of GDP on a financial year basis
PSA5B	Long run of fiscal indicators as a percentage of GDP on a quarterly basis*
PSA6A	Net borrowing: month and year-to-date comparisons
PSA6B	Central government account: overview
PSA6C	Central government account: total revenue, total expenditure and net borrowing
PSA6D	Central government account: current receipts
PSA6E	Central government account: current expenditure
PSA6F	Central government account: net investment
PSA6G	Local government account: overview*
PSA6H	Local government account: total revenue, total expenditure and net borrowing*
PSA6I	Local government account: current receipts*
PSA6J	Local government account: current expenditure*
PSA6K	Local government account: net investment*
REC1	Reconciliation of public sector net borrowing and net cash requirement (excluding banking groups)
REC2	Reconciliation of central government net borrowing and net cash requirement
PSA7A	Public sector net cash requirement
PSA7B	Public sector net cash requirement*
PSA7C	Central government net cash requirement
PSA7D	Central government net cash requirement on own account (receipts and outlays on a cash basis)
REC3	Reconciliation of central government net cash requirement and debt (Experimental Statistic)
PSA8A	General government consolidated gross debt nominal values at end of period
PSA8B	Public sector consolidated gross debt nominal values at end of period
PSA8C	General government net debt nominal values at end of period

PSA8D	Public sector net debt nominal values at end of period
PSA9	Bank of England Asset Purchase Facility Fund (APF)
PSA10	Public sector transactions by sub-sector and economic category
PSA1R	Public sector statistics: revisions since last publication*
PSA2R	Public sector net borrowing: by sector: revisions since last publication
PSA6R	Central government account: overview: revisions since last publication*

Source: Office for National Statistics

- These tables are published in Excel format only.

2. Appendices – Data in this release

- Appendix A – Public Sector Finances Tables 1 to 10
- Appendix B – Large impacts on public sector fiscal measures excluding financial intervention (one off events)
- Appendix C – Revisions analysis on several main components of the central government account (current receipts, current expenditure, net borrowing and net cash requirement)
- Appendix D – Public Sector Current Receipts Table
- Appendix E – Impact of the reclassification of housing associations into the public sector; the financial year ending March 2009 to the financial year ending March 2016
- Appendix F – Public sector net financial liabilities

3. Data quality

The Public sector finances Quality and Methodology Information document contains important information on:

- the strengths and limitations of the data and how it compares with related data
- users and uses of the data
- how the output was created
- the quality of the output including the accuracy of the data

An overview note on the data sources used within public sector finances and the quality assurance processes that are undertaken in compiling the statistical release was published on our website on 19 October 2012.

4. Definitions

A methodology guide to monthly public sector finance statistics is available on our website. It explains the concepts and measurement of the monthly data, plus those previously published, and gives some long runs of historical data. The following background notes provide further information regarding the monthly data.

Table 7 is intended to provide you with the important terms needed to understand this release.

Table 7: Terms to help you understand this release

Term	Description

Accruals /accrued recording	Financial recording based on when ownership transfers or the service is provided (sometimes different to when cash is paid).
Asset Purchase Facility Fund (APF)	An arm of The Bank of England able to purchase financial assets including government securities (gilts). The APF has earned interest which is periodically transferred back to central government.
Cash recording	Financial recording based on when cash is paid or received. Net cash requirement is recorded on a cash basis and net debt is close to being a cash measure.
Current budget deficit	The gap between current expenditure and current receipts (having taken account of depreciation).
Current expenditure	Spending on government activities including: social benefits, interest payments, and other government department spending (excluding spending on capital assets).
Current receipts	Income mainly from taxes (for example VAT, income and corporation taxes) but also includes interest, dividend and rent income.
ESA 1995	European System of Accounts 1995 was the European legal requirement for the production of National Accounts prior to September 2014.
ESA 2010	European System of Accounts 2010 is the European legal requirement for the production of National Accounts from September 2014.
Maastricht deficit	General government net borrowing as defined within the Maastricht Treaty and Stability and Growth Pact (and as supplied to Eurostat)
Maastricht debt	General government gross debt as defined within the Maastricht Treaty and Stability and Growth Pact (and as supplied to Eurostat).
Net borrowing	Measures the gap between revenue raised (current receipts) and total spending (current expenditure plus net investment). A positive value indicates borrowing while a negative value indicates a surplus.
Net cash requirement	A measure of how much cash the government needs to borrow (or lend) to balance its accounts (see cash recording).
Net debt	A measure of how much the government owes at a point in time.
Net investment	Spending on capital assets, for example infrastructure projects, property and I.T equipment, both as grants and by public sector bodies themselves minus capital receipts (sale of capital assets).

Source: Office for National Statistics

5. Guidance and methodology

The following articles aim to help users gain a better understanding of public sector finances statistics:

- Monthly public sector finance statistics: How classification decisions are made
- Monthly public sector finance statistics: Responsibilities and accountabilities
- Monthly public sector finance statistics: Methodological guide
- Monthly public sector finance statistics: Uses and users of government finance statistics
- Monthly public sector finance statistics: Background for users
- Monthly public sector finance statistics: Revisions policies for economic statistics
- Monthly public sector finance statistics: The use of GDP ratio statistics

- Monthly public sector finance statistics: UK Government interventions in the financial sector
- Monthly public sector finance statistics: Update on the implementation of 2013 review
- Monthly public sector finance statistics: A comparison of government expenditure and revenue statistics in the monthly public sector finances statistical bulletin and the quarterly national accounts
- Monthly public sector finance and government deficit and debt under the Maastricht Treaty: Quality and methodology information
- National accounts classification changes: Blue Book 2015

6. Range of measures published

In this bulletin we publish the headline measures of borrowing and debt (PSNB ex and PSND ex) in tables as well as the wider measures of borrowing and debt that include public sectors banks.

Since 1997, it has been an essential feature of the UK public sector finances' fiscal measures that they are based on national accounts and European Government Finance Statistics concepts. It is important that these fiscal measures continue to be aligned with these international standards to ensure a high degree of comparability between domestic and international measures, and because the government bases its fiscal policy on these aligned measures.

7. Supplementary fiscal aggregates

On 4 August 2016, the Bank of England’s Monetary Policy Committee announced a package of new measures to support the economy. This package included an expansion of the Asset Purchase Facility (APF) and included a new initiative called the Term Funding Scheme (TFS).

On 21 October 2016, the Office for National Statistics (ONS) announced its decision concerning the classification of the TFS in the public sector finances. The effect of the TFS, and other APF schemes, is to increase public sector net debt (PSND ex), the government’s target measure for debt.

The impact of the TFS and other APF schemes on the public sector balance sheet is not fully captured in PSND. To address this, the government’s 2016 Autumn Statement, published on 23 November 2016, included 2 new supplementary fiscal aggregates to provide additional commentary on the state of the public sector balance sheet and context for the main fiscal metric of public sector net debt.

Public sector net debt excluding both public sector banks and the Bank of England (PSND ex BoE)

Time series for PSND ex BoE as a percentage of GDP and PSND ex BoE (£ millions) are presented in Tables PSA5A and Table PSA8D respectively, in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

Public sector net financial liabilities (PSNFL)

PSNFL is currently considered an Experimental Statistic and will be subject to further quality assurance and subsequent revisions in the coming months. While PSNFL is presented as a percentage of GDP in Tables PSA5A, estimates expressed in terms of £ millions are presented in the Public sector net financial liabilities: Appendix F dataset.

Appendix F provides a reconciliation of PSND ex and PSNFL.

On 23 November 2016 we published a methodology paper defining PSND ex BoE and PSNFL and explaining the coverage of the aggregates and, in broad terms, what they represent. This paper also discusses the quality of the different data sources underpinning the new aggregates.

8. Coherence

EU Council Directive 2011/85/EU (part of the enhanced EU economic governance package regulations known as the "6 pack") includes statistical requirements for government finance statistics relating to the monthly publication of statistics and annual publication of specific contingent liabilities and other potential liabilities. Tables PSA6C and PSA6H were introduced into the PSF bulletin in 2014 in order to fully comply with the monthly government finance statistics requirements.

On 22 December 2014, we published the required information on government contingent liabilities and other potential liabilities for the first time. The latest update to these figures was published on 22 December 2015, alongside an article setting out the wider background to different debt measures used in the UK.

The public sector finances (PSF) has a more flexible revisions policy than other national accounts data. Therefore, PSF data may be inconsistent with the published GDP and sector and financial accounts datasets because a revision may not be incorporated into the main national accounts dataset until a later date. More information can be found in the Public Sector Finances revision policy.

General government net borrowing and gross consolidated debt reported in this bulletin are calculated following the rules of the European System of Accounts 2010 (ESA 2010) and are the same in definition as the general government debt and deficit monitored under the Maastricht Treaty. This was most recently reported on 18 January 2017, with the next publication scheduled for 18 April 2017.

When calculating debt as a percentage of GDP in the bulletin on UK government debt and deficit for Eurostat, the general government gross debt at the end of the year is divided by the GDP for the previous 12 months. This methodology is adopted to be consistent with Eurostat publications which report on Maastricht debt for all EU countries.

However, when calculating public sector net debt as a percentage of GDP in the UK public sector finances, the debt figure is divided by an annual GDP figure which is centred on the month to which the debt relates. To be consistent, the general government gross debt as a percentage of GDP in the public sector finances is calculated using the same centred GDP figure. More information can be found in an article on The use of GDP in public sector fiscal ratio statistics.

Tax receipts data published in this bulletin are presented in terms of broad tax categories (for example, Income Tax, VAT). For more detail on individual taxes users can go to the HM Revenue and Customs website and access a monthly publication which provides cash tax receipts data which are entirely consistent with the data published in Table PSA7 in the Public Sector Finances Tables 1 to 10: Appendix A dataset.

9. OSCAR – Online System for Central Accounting and Reporting

In June 2010, HM Treasury published, as part of the government transparency agenda, raw data from the COINS database (the predecessor to OSCAR) for the financial years ending March 2006 to 2010. From September 2012 onwards the data releases have been made from OSCAR, the replacement for COINS. The latest in-year quarterly data was released on 21 September 2016, and the latest annual data were released on 20 November 2015. The data are accessible from HM Treasury's website.

10. Accuracy

Central government

Central government departmental expenditure data are subject to various validation processes and improve over time. They potentially can go through 4 main stages:

- stage 1 – initially, they are estimated using in-year reported data

Data for the (current) financial year ending March 2017 (April 2016 to March 2017) are at stage 1.

- stage 2 – in the July following the completion of the financial year, departments update their full financial year estimates (but with no in-year profile), for publication in the Treasury's Public Spending Statistics annual publication; these estimates will be in line with the audited resource accounts for most departments

Data for the financial year ending March 2016 (April 2015 to March 2016) are at stage 2.

- stage 3 – for the Autumn update of the Treasury's Public Spending Statistics these financial year estimates are updated

No data are currently at stage 3.

- stage 4 – in March the following year the winter update of the Treasury's Public Spending Statistics is published and the financial year estimates are further improved; all departments' and devolved administrations' accounts will have been audited and finalised by this stage; these revisions are not normally included in the public sector finances statistical bulletin until the September release

Data up to and including the financial year ending March 2015 (April 2014 to March 2015) are at stage 4.

Local government

Local government data for the financial years ending up to and including the financial year ending March 2014 are based on final outturns for receipts and expenditure.

Data for the financial years ending March 2015 (April 2014 to March 2015) and March 2016 (April 2015 to March 2016) are mainly based on final outturns (provisional outturns have been used for Scotland).

Estimates for (current) financial year ending March 2017 (April 2016 to March 2017) are based on a combination of in-year returns and forecast data. These are subject to revision when more outturn data become available.

11. The reconciliation of net cash requirement to debt

The issues and subsequent revisions to CGNCR reported in November 2014 were identified through work undertaken to reconcile the 3 different fiscal measures (that is, net cash requirement, net borrowing and net debt) and to reconcile the central government net cash requirement with cash reported in audited resource accounts.

Work to establish new quality assurance tools to reconcile central government net cash requirement with changes in central government net debt culminated in September 2016 with the introduction of a new reconciliation process whose components are summarised in the published Table REC3 in the Public Sector Finances Tables 1 to 10: Appendix. Work continues to establish similar quality assurance tools for the reconciliation of net borrowing and net cash requirement.

12. Revisions

We define a revision as a scheduled change to any published ONS output which may be made in order to incorporate better source data or to reflect improved methodology.

The Public Sector Finances revision policy is published on our website. It was last updated in September 2015.

Tables 8a to 8d summarise revisions to the first estimate of public sector borrowing (excluding public sector banks) by sub-sector for the last 6 financial years.

Table 8a: Revisions from the first estimate of financial year end public sector net borrowing by sector (excluding public sector banks) - UK central government net borrowing

UK central government net borrowing — £ million (not seasonally adjusted)

Financial year	First estimate	Revisions 6 months after year end[1]	Revisions 12 months after year end[2]
2010/11	139,293	-1,859	-984
2011/12	115,666	-1,184	-2,534
2012/13	88,933	-2,817	-3,818
2013/14[3]	101,694	-945	-1,148
2014/15	88,953	989	-73
2015/16	68,438	2,134	-

Source: Office for National Statistics

Notes:

1. Difference between PSNB ex published in September and the first estimate (published in the previous April)

2. Difference between PSNB ex published in March and the first estimate (published in the previous April)

3. PSNB ex has been adjusted to remove the impact of ESA2010 which was implemented in September 2014

4. PSNB ex has been adjusted to remove the impact of the Housing Association re-classification which was implemented in February 2016

5. 2015/16 represents first estimate of PSNB ex for the financial year ending March 2016 (April 2015 to March 2016)

Table 8b: Revisions from the first estimate of financial year end public sector net borrowing by sector (excluding public sector banks) - UK local government net borrowing

UK local government net borrowing | £ million (not seasonally adjusted)

Financial year	First estimate	Revisions 6 months after year end[1]	Revisions 12 months after year end[2]
2010/11	4,851	-3,274	-4,381
2011/12	12,322	-5,828	-4,511
2012/13	-66	-1,704	-1,218
2013/14[3]	-3,300	787	-269
2014/15	3,212	301	-975
2015/16	5,915	135	-

Source: Office for National Statistics

Table 8c: Revisions from the first estimate of financial year end public sector net borrowing by sector (excluding public sector banks) - UK public corporations' net borrowing

UK public corporations' net borrowing (including Bank of England and excluding public sector banks) | £ million (not seasonally adjusted)

Financial year	First estimate	Revisions 6 months after year end[1]	Revisions 12 months after year end[2]
2010/11	-3,002	733	1,064
2011/12	-2,014	339	1,988
2012/13	-2,711	-371	-392
2013/14[3]	-2,887	256	140
2014/15[4]	-4,828	1,424	2,213
2015/16	-364	216	-

Source: Office for National Statistics

Notes:

1. Difference between PSNB ex published in September and the first estimate (published in the previous April).

2. Difference between PSNB ex published in March and the first estimate (published in the previous April).

3. PSNB ex has been adjusted to remove the impact of ESA2010 which was implemented in September 2014.

4. PSNB ex has been adjusted to remove the impact of the Housing Association re-classification which was implemented in February 2016.

5. 2015/16 represents first estimate of PSNB ex for the financial year ending March 2016 (April 2015 to March 2016).

Table 8d: Revisions from the first estimate of financial year end public sector net borrowing by sector (excluding public sector banks) - UK public sector net borrowing

UK public sector net borrowing (excluding public sector banks) — £ million (not seasonally adjusted)

Financial year	First estimate	Revisions 6 months after year end[1]	Revisions 12 months after year end[2]
2010/11	141,142	-4,400	-4,301
2011/12	125,974	-6,673	-5,057
2012/13	86,156	-4,892	-5,428
2013/14[3]	95,507	98	-1,277
2014/15[4]	87,337	2,714	1,165
2015/16[5]	73,989	2,485	-

Source: Office for National Statistics

The Revisions analysis for Public Sector Finances: Appendix C dataset to the monthly public sector finances statistical bulletin presents revisions analysis to a number of main central government measures (current receipts, current expenditure, net borrowing and net cash requirement).

By applying a statistical significance test, this analysis investigates the size and direction of revisions from each measure's first publication to that recorded a year later. An average of 5 years' worth of such revisions is used to identify any statistical bias.

These indicators only provide summary measures of revisions; the revised data may still be subject to measurement error.

Currently data for the public sector banks' balance sheet and profit and loss statement are only available for periods up to June 2016. Consequently, values for months from July 2016 onwards contain a degree of our estimation and so the aggregates which include the impacts of financial interventions, may be revised substantially when actual data becomes available.

13. The alignment of public sector finance with the UK government debt and deficit for Eurostat statistical bulletin

Each quarter (March, June, September and December) public sector finance (PSF) data are aligned to the data reported in the UK government debt and deficit for Eurostat statistical bulletin to take advantage of the more detailed quarterly data underpinning the latter publication.

In order for the latest month and financial year-to-date to reflect the latest available information, while ensuring coherence between the UK government debt and deficit for Eurostat statistical bulletin output and the PSF statistical bulletin:

- the latest reported month reflects the most up-to-date PSF data available
- the quarterly data in the periods common to both the UK government debt and deficit for Eurostat statistical bulletin and PSF are aligned
- the estimates for the month immediately prior to the latest month (and following that aligned to the UK government debt and deficit for Eurostat statistical bulletin) are calculated by taking the latest

data for the cumulative financial year-to-date and subtracting both the cumulative totals for those aligned quarters in the financial year and the latest month estimates

For example, in the PSF published in September:

- the August estimates use the latest reported data
- the PSF data in the period April to June are aligned to the UK government debt and deficit for Eurostat stati
- the July figures are derived from the financial year-to-date (April to August) less the sum of the aligned perio

This alignment process results in a temporary adjustment to the published monthly profiles, which will unwind

In the example above, the derived estimate to July may revise substantially to reflect the latest monthly path.

1. **Publication policy**

   A brief paper explaining the roles and responsibilities of ONS and HM Treasury when producing and publishing the public sector finances statistical release is on our website.

   A note on the main uses and users of the public sector finances statistics is available on our website.

   Recommendations for the improvement of the public sector finances statistical bulletin may be emailed to public.sector.accounts@ons.gsi.gov.uk

   National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority compliant with the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

   Special arrangements apply to the public sector finances, which is produced jointly with HM Treasury. A list of ministers and officials with pre-publication access to the contents of this bulletin is available on request. In addition, some members of the Treasury's Fiscal Statistics and Policy (FSP) team will have access to them at all stages, because they are involved in the compilation or quality assurance of data. Some members of the Treasury's communications team will also see the bulletin, but only within the 24 hour pre-release period, because they place these data on the website.

   Public sector finance data series previously published in Financial Statistics are made available for download on the public sector finance datasets page.

   Tables 1.2A, 1.3A and 1.4A which are updated monthly will continue to be available monthly, published concurrently with the PSF Supplementary data, while Tables 1.3B, 1.3C and 1.3D will be available quarterly.

2. **Feedback**

   As part of our continuous engagement strategy, we welcome your comments on ways in which the public sector finances statistical bulletin might be improved. Please email: public.sector.accounts@ons.gsi.gov.uk