

Statistical bulletin

# Public sector finances, UK: July 2019

How the relationship between UK public sector monthly income and expenditure leads to changes in deficit and debt.



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# 1 . Main points

- Borrowing (public sector net borrowing excluding public sector banks) in July 2019 was in surplus by £1.3 billion, a £2.2 billion smaller surplus than in July 2018; July 2018 remains the highest July surplus since 2000.
- Self-assessed Income Tax was £9.4 billion in July 2019, which is £0.3 billion more than in July 2018; late payments mean that the proportion of self-assessed taxes recorded in July and August can vary year-on-year, and it is therefore advisable to consider these two months together.
- Borrowing in the current financial year-to-date (April 2019 to July 2019) was £16.0 billion, £6.0 billion more than in the same period last year; the financial year-to-date April 2018 to July 2018 remains the lowest borrowing for that period since 2002.
- Borrowing in the latest full financial year (April 2018 to March 2019) was £23.6 billion, £18.2 billion less than in the same period the previous year; this is the lowest financial year borrowing for 17 years.
- Borrowing in the latest full financial year was £0.8 billion more than the £22.8 billion forecast by the Office for Budget Responsibility (OBR) in its [Economic and fiscal outlook – March 2019](#).
- Debt (public sector net debt excluding public sector banks) at the end of July 2019 was £1,807.2 billion (or 82.4% of gross domestic product, GDP), an increase of £29.6 billion (or a decrease of 1.3 percentage points of GDP) on July 2018.
- Debt at the end of July 2019 excluding the Bank of England (mainly quantitative easing) was £1,625.9 billion (or 74.1% of GDP); an increase of £42.0 billion (or a decrease of 0.5 percentage points of GDP) on July 2018.
- Central government net cash requirement was £12.5 billion in the latest financial year-to-date; this is £12.2 billion more than in the same period last year.
- Central government net cash requirement excluding both UK Asset Resolution Ltd and Network Rail was £12.3 billion in the latest financial year-to-date; this is £11.6 billion more than in the same period last year.
- Section 10 of this bulletin lists the methodology and data changes to be introduced in our next public sector finances (PSF) statistical bulletin. Due to the additional quality assurance required in publishing these changes, Public sector finances, UK: August 2019, will be released on 24 September 2019, rather than on the regular 15th working day of the month (20 September 2019). This change of publication date was originally communicated to users via [ONS's release calendar](#) in April 2019.

## 2 . Things you need to know about public sector finances

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

Unless otherwise stated, the figures quoted in this bulletin exclude public sector banks (that is, currently only Royal Bank of Scotland, RBS), as the reported position of debt (and to a lesser extent borrowing) would be distorted by the inclusion of RBS's balance sheet (and transactions). This is because government does not need to borrow to fund the debt of RBS, nor would surpluses achieved by RBS be passed on to government, other than through any dividends paid as a result of government equity holdings.

Public sector net borrowing excluding public sector banks (PSNB ex) measures the gap between revenue raised (current receipts) and total spending (current expenditure plus net investment (capital spending less capital receipts)). Public sector net borrowing is often referred to by commentators as "the deficit".

The public sector net cash requirement (PSNCR) represents the cash needed to be raised from the financial markets over a period of time to finance the government's activities. This can be close to the deficit for the same period but there are some transactions, for example, loans to the private sector, that need to be financed but do not contribute to the deficit. It is also close but not identical to the changes in the level of net debt between two points in time.

Public sector net debt excluding public sector banks (PSND ex) represents the amount of money the public sector owes to private sector organisations including overseas institutions, largely as a result of issuing gilts and Treasury Bills, less the amount of cash and other short-term assets it holds. Public sector net debt is often referred to by commentators as "the national debt".

While borrowing (or the deficit) represents the difference between total spending and receipts over a period of time, debt represents the total amount of money owed at a point in time.

The national debt has been built up by successive government administrations over many years. When the government borrows (that is, runs a deficit), this normally adds to the debt total. So [reducing the deficit is not the same as reducing the debt](#).

## Accounting for student loans

In December 2018, we announced our decision to replace the current treatment of student loans in the public sector finances (PSF) statistics with a [treatment that better reflects the government's financial position](#).

In [Section 10, Looking ahead](#) we have published our initial estimates of the impacts of the changes to our student loan methodology on both public sector net borrowing and net financial liabilities.

## Company tax credits

On the 19 August 2019, HM Revenue and Customs (HMRC) announced that it is currently investigating a "[potential concern with the total corporation tax receipts and corporation tax credits data](#)" published by HMRC on 21 August 2019 and used in the compilation of this statistical bulletin.

We await the outcome of this quality assurance and will introduce any data revisions resulting from this work at the earliest opportunity.

## 3 . What has changed in this release?

This section presents information on aspects of data or methodology that have been introduced or improved since the publication of the previous bulletin (19 July 2019), along with supporting information that users may find useful.

### Self-assessed Income Tax

In both January and (to a lesser extent) July, accrued receipts are particularly high owing to receipts from self-assessed Income Tax.

This month, receipts from self-assessed Income Tax were £9.4 billion, an increase of £0.3 billion on July 2018. This is the highest level of July self-assessed Income Tax receipts on record (records began in 1999).

As well as primarily affecting January and July receipts, the revenue raised through self-assessed Income Tax also tends to lead to higher receipts in the following month (February and August respectively), although to a lesser degree.

It is advisable to look at the combined self-assessed Income Tax receipts for both July and August together when drawing conclusions from year-on-year comparisons.

## **Bank of England Asset Purchase Facility Fund**

In July 2019, there was a £0.6 billion dividend transfer from the Bank of England Asset Purchase Facility Fund (BEAPFF) to HM Treasury. As with other such transfers, central government net borrowing is reduced by the transfer, while the net borrowing of the Bank of England is increased by an equal and offsetting amount. There is no impact at the public sector level.

The Bank of England entrepreneurial income for the financial year ending March 2019 (April 2018 to March 2019) was calculated as £11.2 billion. This is the total amount of dividend transfers that can impact on central government net borrowing in the financial year ending March 2020 (April 2019 to March 2020). So far in this financial year-to-date (April to July 2019), £3.5 billion in dividends have transferred from the BEAPFF to HM Treasury, compared with £5.9 billion in the same period last year.

## **4 . How much is the public sector borrowing?**

In July 2019, the public sector spent less money than it received in taxes and other income, meaning it had a borrowing surplus of £1.3 billion, £2.2 billion less surplus than in July 2018. While central government borrowed £1.3 billion, local government and the Bank of England recorded surpluses of £2.2 billion and £0.4 billion respectively.

Figure 1 summarises public sector borrowing by sub-sector in July 2019 and compares this with the equivalent measures in the same month a year earlier (July 2018). This presentation splits public sector net borrowing excluding public sector banks (PSNB ex) into each of its four sub-sectors: central government, local government, public corporations and the Bank of England.

Central government receipts in July 2019 decreased by £0.4 billion (or 0.5%) compared with July 2018, to £67.9 billion, while total central government expenditure increased by £4.1 billion (or 6.5%) to £67.6 billion.

This month interest and dividend receipts were down £1.5 billion compared to July 2018. This fall was largely because of a £2.0 billion reduction in dividend transfer from the Bank of England Asset Purchase Facility Fund (BEAPFF) to HM Treasury. As with other such transfers, central government net borrowing is reduced by the transfer, while the net borrowing of the Bank of England is increased by an equal and offsetting amount. There is no impact at the public sector level.

If we were to exclude these transfers, then central government receipts would decrease by £0.6 billion to £67.3 billion in July 2019 and decrease by £2.6 billion to £65.7 billion in July 2018.

Income-related revenue increased by £0.8 billion, with self-assessed Income Tax and National Insurance contributions increasing by £0.3 billion and £0.5 billion respectively compared with July 2018.

In the same period, departmental expenditure on goods and services increased by £1.6 billion, compared with July 2018, including a £0.7 billion increase in expenditure on staff.

Accrued receipts of Value Added Tax (VAT) increased by £0.3 billion compared with July 2018, while Corporation Tax (CT) receipts fell by £0.1 billion over the same period. It is important to note that both of these taxes contain forecast cash receipts data and are liable to revision as actual cash receipts data are received.

Interest payments on the government's outstanding debt decreased by £0.3 billion compared with July 2018, largely resulting from movements in the Retail Prices Index (RPI) to which index-linked bonds are pegged. The relationship between the RPI and the valuation index-linked bonds is explored further in the [Public sector finances Quality and Methodology Information Report](#).

Both the local government and public corporations data for July 2019 are initial estimates, based on the Office for Budget Responsibility (OBR) forecasts. While both current and capital transfers between these sectors and central government are based on administrative data supplied by HM Treasury.

**Figure 1: How each sector contributes to the growth in monthly borrowing**

July 2019, compared with July 2018, UK

£ billion

				PSNBex			
				Jul-18	Change	Jul-19	
				-3.6	2.2	-1.3	
CGNB							
Jul-18	Change	Jul-19					
-3.3	4.6	1.3					
=							
CG Current Expenditure							
Jul-18	Change	Jul-19					
61.1	2.6	63.6					
-							
CG Receipts							
Jul-18	Change	Jul-19					
68.3	-0.4	67.9					
+							
CG Depreciation							
Jul-18	Change	Jul-19					
1.5	0.0	1.6					
+							
CG Net Investment							
Jul-18	Change	Jul-19					
2.4	1.6	4.0					
LGNB							
Jul-18	Change	Jul-19					
-1.9	-0.3	-2.2					
=							
LG Current Expenditure							
Jul-18	Change	Jul-19					
1.0	0.1	1.1					
-							
LG Receipts							
Jul-18	Change	Jul-19					
3.8	0.2	4.1					
+							
LG Depreciation							
Jul-18	Change	Jul-19					
1.0	0.0	1.1					
+							
LG Net Investment							
Jul-18	Change	Jul-19					
-0.1	-0.2	-0.3					
PCNB							
Jul-18	Change	Jul-19					
0.0	-0.1	0.0					
=							
PC Current Expenditure							
Jul-18	Change	Jul-19					
0.0	0.0	0.0					
-							
PC Receipts							
Jul-18	Change	Jul-19					
0.8	0.0	0.8					
+							
PC Depreciation							
Jul-18	Change	Jul-19					
0.8	0.0	0.8					
+							
PC Net Investment							
Jul-18	Change	Jul-19					
0.0	-0.1	-0.1					
BoENB							
Jul-18	Change	Jul-19					
1.6	-2.0	-0.4					
CG Receipts				CG Expenditure			
Of Which:				Of Which:			
Taxes on production	Jul-18	Change	Jul-19	Interest	Jul-18	Change	Jul-19
	23.6	0.3	23.9		4.6	-0.3	4.3
Of Which:				Net social Benefits			
VAT	12.8	0.3	13.2		17.9	0.5	18.4
Fuel Duty	2.3	-0.1	2.3	Of Which:			
Alcohol	1.0	0.0	1.0	NI Fund Benefits	9.0	0.2	9.1
Tobacco	0.7	0.0	0.8	Social Assistance	8.2	0.7	8.9
Stamp Duty (L&P)	1.2	0.0	1.2	Other Current	38.5	2.4	40.9
Taxes on I&W	26.9	0.3	27.2	Of Which:			
Of Which:				Goods & Services	22.4	1.6	24.0
Income Tax	21.6	0.3	21.9	o/w Staff Costs	10.8	0.7	11.5
o/w Self Assessment	9.1	0.3	9.4	Transfers to LG	11.9	0.4	12.3
Corporation Tax	5.4	-0.1	5.4	Contributions to EU	1.0	0.1	1.1
Other Taxes	1.5	0.0	1.5				
Total Taxes	52.0	0.5	52.5				
NICs	11.0	0.5	11.4				
Interest & Dividends	3.4	-1.5	1.9				
Other receipts	1.9	0.1	2.0				

Source: Office for National Statistics – Public sector finances

Notes:

1. PSNBex – Public sector net borrowing excluding public sector banks.
2. CGNB – Central government net borrowing.
3. LGNB – Local government net borrowing.
4. PCNB – Non-financial public corporations' net borrowing.
5. BoENB – Bank of England net borrowing.
6. L&P – Land and property.
7. I&W – Income and wealth.
8. Contributions to – UK VAT, GNI and abatement contributions to the EU budget.
9. NICs – National Insurance contributions.

Because of the volatility of the monthly data, the cumulative financial year-to-date borrowing figures often provide a better indication of the position of the public finances than the individual months' figures. In the current financial year-to-date (April 2019 to July 2019), public sector spending exceeded the money received in taxes and other income. This meant the public sector had to borrow £16.0 billion; that is, £6.0 billion more than the same period last year.

Of the £16.0 billion borrowed by the public sector in this period, £6.1 billion related to the cost of the “day-to-day” activities of the public sector (the current budget deficit), while £9.9 billion was capital spending (or net investment), such as on infrastructure.

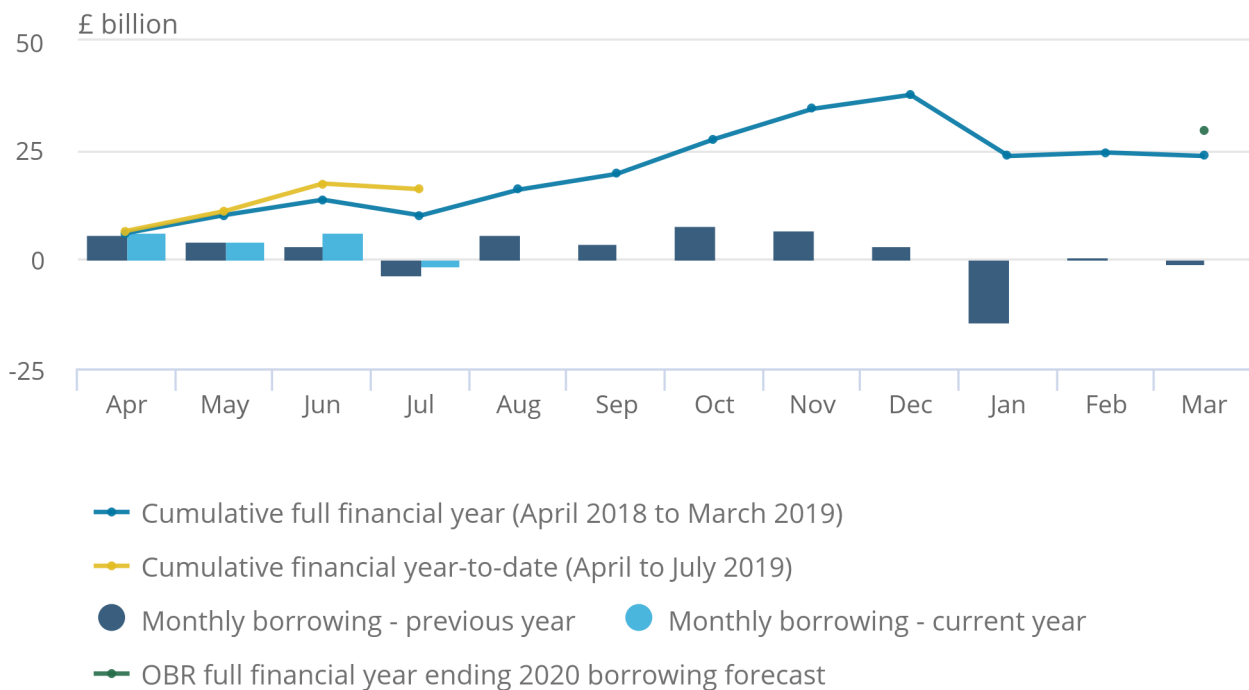
Figure 2 presents both monthly and cumulative public sector net borrowing excluding public sector banks (PSNB ex) in the current financial year-to-date (April 2019 to July 2019) and compares these with the same period in the previous financial year.

**Figure 2: The Office for Budget Responsibility expects borrowing to increase to £29.3 billion in the financial year ending March 2020**

Cumulative financial year-to-date (April 2019 to July 2019) compared with the financial year ending March 2019 (April 2018 to March 2019), UK

Figure 2: The Office for Budget Responsibility expects borrowing to increase to £29.3 billion in the financial year ending March 2020 2019/20  
forecas  
£29.3 b

Cumulative financial year-to-date (April 2019 to July 2019) compared with the financial year ending March 2019 (April 2018 to March 2019), UK



Source: Office for National Statistics – Public sector finances

Notes:

1. The OBR forecast for public sector net borrowing excluding public sector banks from March 2019 Economic and Fiscal Outlook (EFO).

Figure 3 summarises the contributions of each sub-sector to PSNB ex in the latest financial year-to-date (April 2019 to July 2019) and compares these with the same period last year.

The difference between central government’s income and spending makes the largest contribution to the amount borrowed by the public sector. In the latest financial year-to-date, of the £16.0 billion borrowed by the public sector, £20.2 billion was borrowed by central government while local government, public corporations and the Bank of England were in surplus by £3.6 billion, £0.3 billion and £0.2 billion respectively.

In the latest financial year-to-date, central government received £246.5 billion in income, including £182.5 billion in taxes. This was 2.3% more than in the same period last year.

Over the same period, central government spent £260.3 billion, an increase of 5.3%. Of this amount, around two-thirds was spent by central government departments (Education, Defence, Health and Social Care); just below one-third was spent on social benefits (such as pensions, unemployment payments, Child Benefit and Maternity Pay); and the remainder was spent on capital investment and interest on government’s outstanding debt.



**Figure 3: How each sector contributes to the growth in borrowing**

Current financial year-to-date (April 2019 to July 2019) compared with the previous financial year-to-date, UK

£ billion

<b>PSNBex</b>			
2018/19	Change	2019/20	
10.0	6.0	16.0	

<b>CGNB</b>			
2018/19	Change	2019/20	
12.5	7.7	20.2	

<b>LGNB</b>			
2018/19	Change	2019/20	
-4.5	0.8	-3.6	

<b>PCNB</b>			
2018/19	Change	2019/20	
0.2	-0.4	-0.3	

<b>CG Current Expenditure</b>			
2018/19	Change	2019/20	
235.5	10.8	246.3	

<b>LG Current Expenditure</b>			
2018/19	Change	2019/20	
9.5	2.3	11.9	

<b>PC Current Expenditure</b>			
2018/19	Change	2019/20	
0.2	-0.1	0.1	

<b>CG Receipts</b>			
2018/19	Change	2019/20	
240.8	5.6	246.5	

<b>LG Receipts</b>			
2018/19	Change	2019/20	
15.4	1.0	16.4	

<b>PC Receipts</b>			
2018/19	Change	2019/20	
2.8	-0.2	2.6	

<b>CG Depreciation</b>			
2018/19	Change	2019/20	
6.2	0.2	6.3	

<b>LG Depreciation</b>			
2018/19	Change	2019/20	
4.1	0.2	4.3	

<b>PC Depreciation</b>			
2018/19	Change	2019/20	
3.1	-0.1	3.0	

<b>CG Net Investment</b>			
2018/19	Change	2019/20	
11.6	2.4	14.0	

<b>LG Net Investment</b>			
2018/19	Change	2019/20	
-2.7	-0.7	-3.4	

<b>PC Net Investment</b>			
2018/19	Change	2019/20	
-0.3	-0.4	-0.7	

<b>BoENB</b>			
2018/19	Change	2019/20	
1.9	-2.1	-0.2	

<b>CG Receipts</b>			
Of Which:	2018/19	Change	2019/20
Taxes on production	93.1	0.6	93.8
Of Which:			
VAT	50.0	1.3	51.3
Fuel Duty	9.5	-0.2	9.3
Alcohol	4.1	-0.1	4.0
Tobacco	3.2	-0.3	2.9
Stamp Duty (L&P)	4.3	-0.2	4.1
Taxes on I&W	80.9	1.9	82.8
Of Which:			
Income Tax	59.5	1.9	61.4
o/w Self Assessment	9.1	0.0	9.1
Corporation Tax	21.3	0.0	21.3
Other Taxes	6.2	-0.2	6.0
Total Taxes	180.2	2.3	182.5
NICs	43.7	2.7	46.4
Interest & Dividends	9.3	0.2	9.5
Other receipts	7.6	0.4	8.1

<b>CG Expenditure</b>			
Of Which:	2018/19	Change	2019/20
Interest	19.2	1.7	20.9
Net social Benefits	71.1	1.0	72.1
Of Which:			
NI Fund Benefits	35.2	0.7	35.9
Social Assistance	32.2	1.7	33.9
Other Current	145.3	8.1	153.3
Of Which:			
Goods & Services	86.9	7.2	94.1
o/w Staff Costs	41.6	2.4	44.0
Transfers to LG	41.7	-0.2	41.5
Contributions to EU	3.3	0.1	3.5

Source: Office for National Statistics – Public sector finances

Notes:

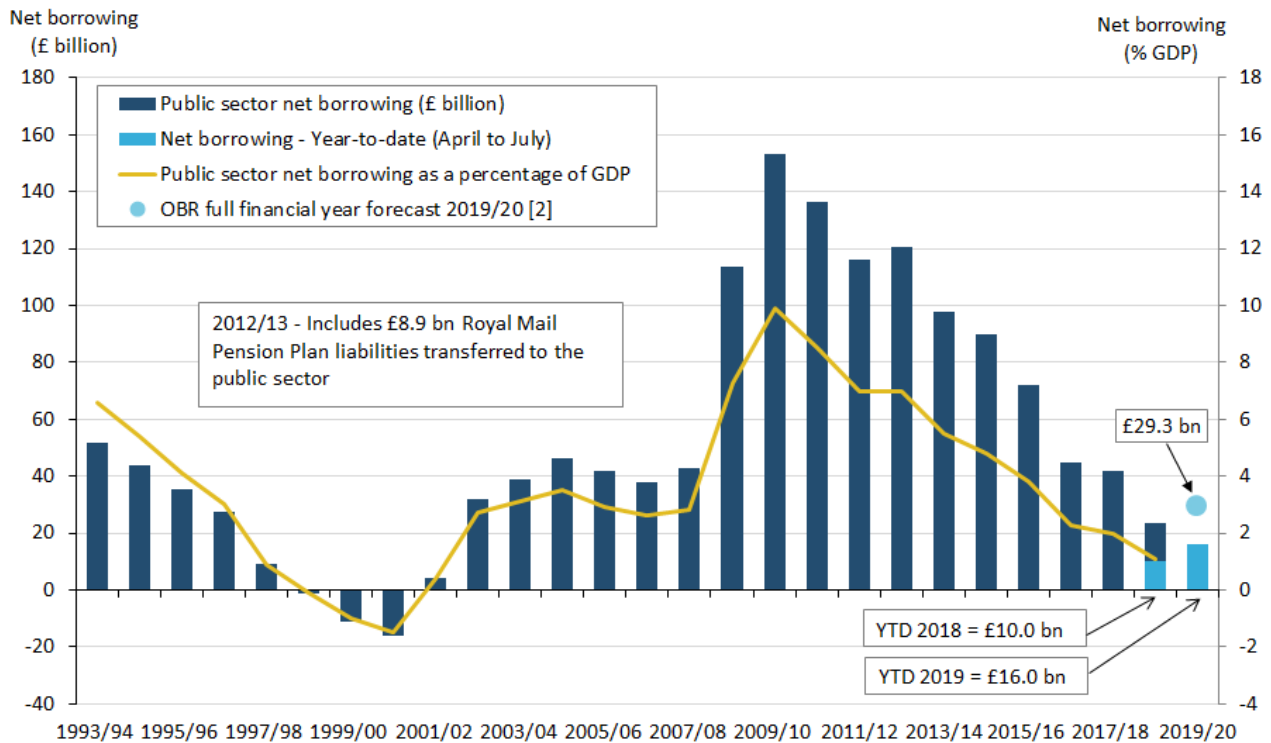
1. PSNBex – Public sector net borrowing excluding public sector banks.
2. CGNB – Central government net borrowing.
3. LGNB – Local government net borrowing.
4. PCNB – Non-financial public corporations' net borrowing.
5. BoENB – Bank of England net borrowing.
6. L&P – Land and property.
7. I&W – Income and wealth.
8. Contributions to EU – UK VAT, GNI and abatement contributions to the EU budget.
9. NICs – National Insurance contributions.

Figure 4 illustrates that annual borrowing has generally been falling since the peak in the financial year ending (FYE) March 2010 (April 2009 to March 2010).

In the latest full financial year (April 2018 to March 2019), the £23.6 billion (or 1.1% of gross domestic product, GDP) borrowed by the public sector was less than one-fifth (15.4%) of the amount seen in the FYE March 2010, when borrowing was £153.1 billion (or 9.9% of GDP).

**Figure 4: Borrowing has been generally falling since its peak in financial year ending March 2010**

Public sector net borrowing (excluding public sector banks), UK, April 1993 to July 2019



Source: Office for National Statistics – Public sector finances

Notes:

1. The Office for Budget Responsibility (OBR) full financial year forecast of £29.3 billion for public sector net borrowing excluding public sector banks in the financial year ending March 2020 (March 2019 Economic and Fiscal Outlook).
2. Financial year 2018/19 represents the financial year ending 2019 (April 2018 to March 2019).
3. YTD equals year-to-date (April to July).

## 5 . How much does the public sector owe?

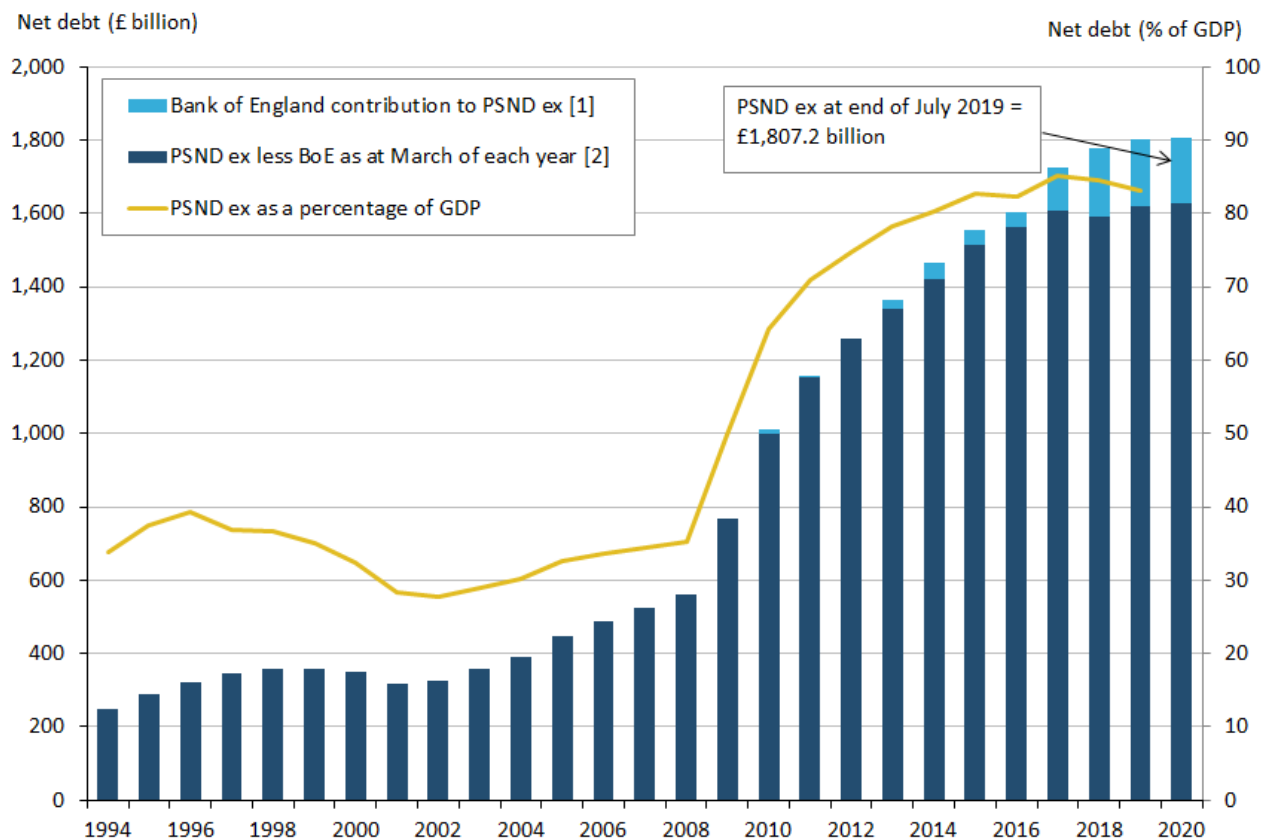
Public sector net debt excluding public sector banks (PSND ex) represents the amount of money the public sector owes to private sector organisations (including overseas institutions), which has built up by successive government administrations over many years.

When the government borrows, this normally adds to the debt total, but it is important to remember that reducing the deficit is not the same as reducing the debt.

At the end of July 2019, the amount of money owed by the public sector to the private sector stood at just over £1.8 trillion (Figure 5), which equates to 82.4% of the value of all the goods and services currently produced by the UK economy in a year (or gross domestic product, GDP).

**Figure 5: Debt as a percentage of gross domestic product (GDP) has been falling in recent financial years**

Public sector net debt (excluding public sector banks), UK, March 1994 to the end of July 2019



Source: Office for National Statistics – Public sector finances

Notes:

1. Includes Asset Purchase Facility (APF), which includes the Term Funding Scheme (TFS).
2. Public sector net debt excluding public sector banks (PSND ex) is the combination of PSND ex Bank of England (BoE) plus BoE contribution to PSND ex.

The Bank of England’s contribution to net debt is largely a product of their quantitative easing measures, namely the [Bank of England Asset Purchase Facility Fund](#) (BEAPFF) and the [Term Funding Scheme](#) (TFS). If we were to exclude the Bank of England from our calculation of PSND ex, it would reduce by £181.3 billion, from £1,807.2 billion to £1,625.9 billion, or from 82.4% of GDP to 74.1%.

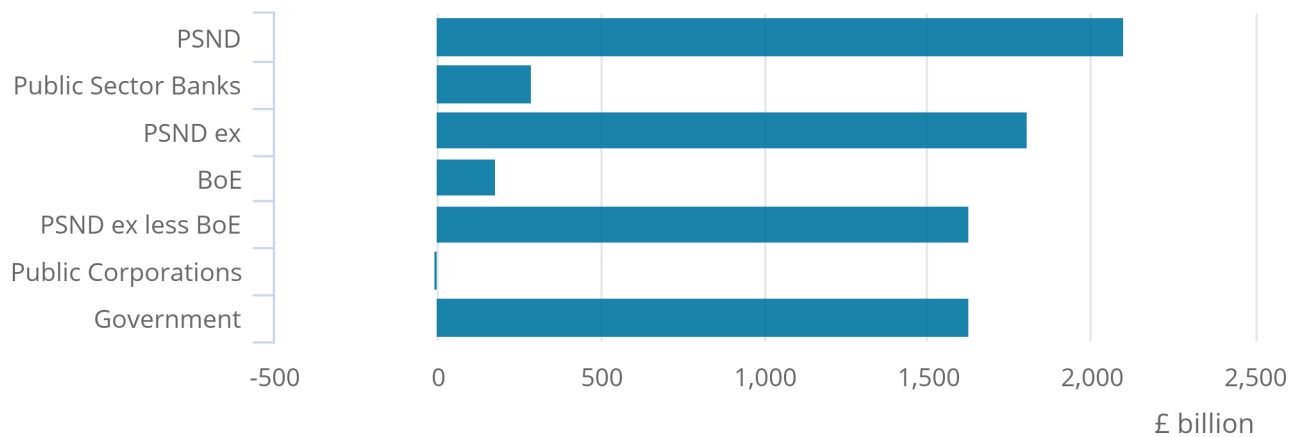
Figure 6 breaks down outstanding public sector net debt at the end of July 2019 into the sub-sectors of the public sector. In addition to PSND ex, this presentation includes the effect of public sector banks on debt.

## Figure 6: How each sector contributes to debt, UK

At end of July 2019

### Figure 6: How each sector contributes to debt, UK

At end of July 2019



Source: Office for National Statistics – Public sector finances

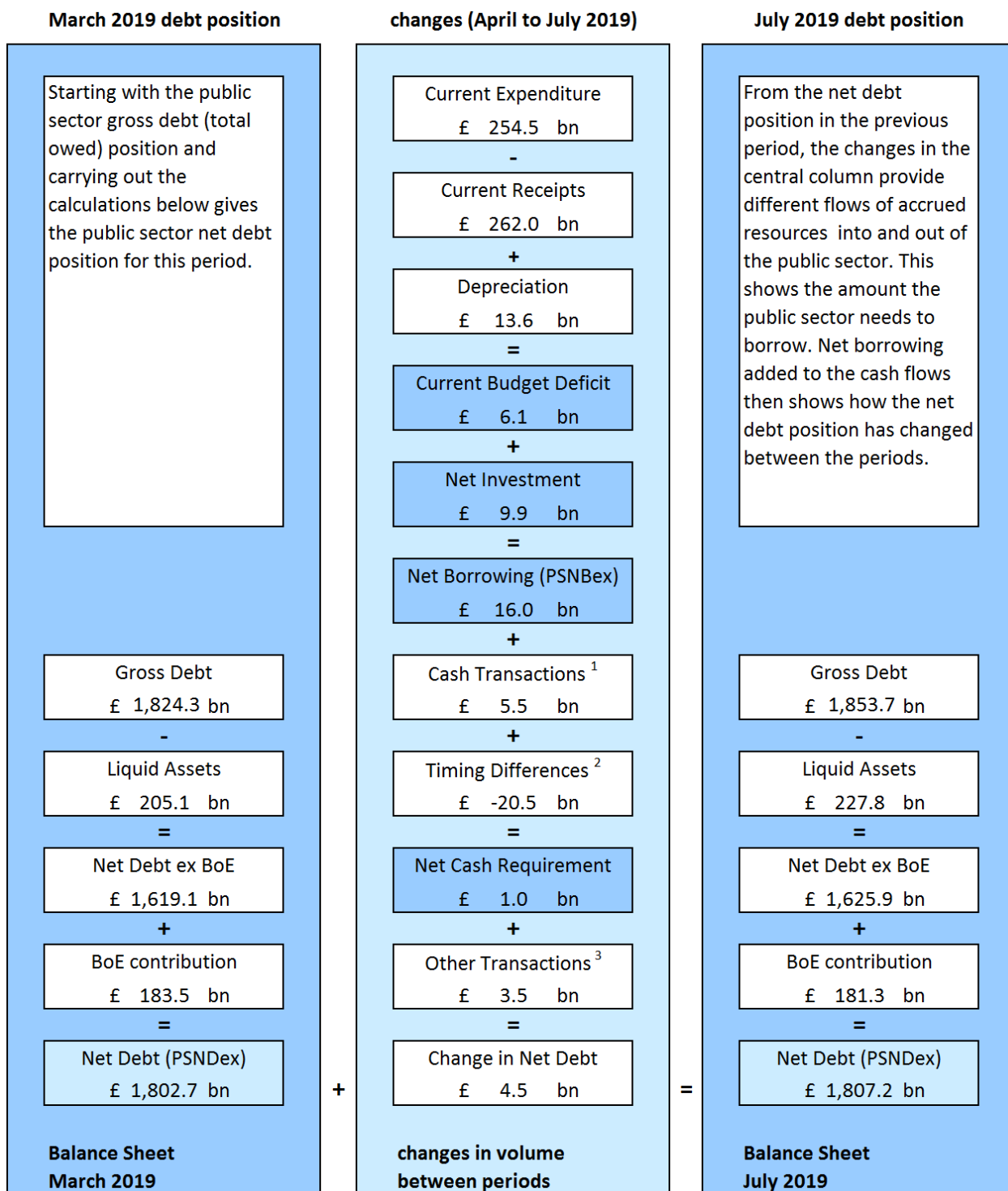
#### Notes:

1. PSND – Public sector net debt.
2. PSNDex – Public sector net debt excluding public sector banks.
3. PSNDex less BoE – Public sector net debt excluding both public sector banks and the Bank of England.

Figure 7 incorporates the borrowing components detailed in Figure 2 to illustrate how the differences between income and spending (both current and capital) have led to the accumulation of debt in the current financial year-to-date (April 2019 to July 2019).

The reconciliation between public sector net borrowing and net cash requirement is presented in more detail in Table REC1 in the [Public sector finances Tables 1 to 10: Appendix A dataset](#).

**Figure 7: How the differences in expenditure and receipts affect public sector net debt (excluding public sector banks), UK**



Source: Office for National Statistics – Public sector finances

**Notes:**

1. Cash transactions in (non-financing) financial assets which do not impact on net borrowing.
2. Timing differences between cash and accrued data.
3. Revaluation of foreign currency debt (for example, foreign currency) Debt issuances or redemptions above or below debt valuation (for example, bond premia/discounts and capital uplifts). Changes in volume of debt not due to transactions (for example, sector reclassification).

## 6 . Revisions since the previous release

Revisions can be the result of both updated data sources and methodology changes. This month, revisions to public sector net borrowing are a result of updated data.

### Revisions summary

Table 1 presents the revisions to the headline statistics presented in this bulletin compared with those presented in the previous bulletin (published on 19 July 2019).

Table 1: Revisions to main aggregates  
Revisions since the previous public sector finances bulletin (published 19 July 2019), UK

£ billion<sup>1</sup> (not seasonally adjusted)

Period	Net borrowing				PSNB ex	PSND ex	PSND % of GDP	PSNCR ex
	CG <sup>2</sup>	LG <sup>3</sup>	NFPCs	BoE				
2017/18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018/19	0.1	0.0	0.0	0.0	0.1	1.6	0.1	0.0
2019/20 y-t-d10	-0.8	0.2	0.0	0.0	-0.6	0.4	0.0	0.0
2019 Apr	0.2	0.0	0.0	0.0	0.2	0.2	0.0	0.0
2019 May	0.1	0.0	0.0	0.0	0.1	0.3	0.0	0.0
2019 Jun	-1.1	0.2	0.0	0.0	-0.8	0.4	0.0	0.0

Source: Office for National Statistics – Public sector finances

#### Notes

1. Unless otherwise stated. [Back to table](#)
2. Central government. [Back to table](#)
3. Local government. [Back to table](#)
4. Non-financial public corporations. [Back to table](#)
5. Bank of England. [Back to table](#)
6. Public sector net borrowing excluding public sector banks. [Back to table](#)
7. Public sector net debt excluding public sector banks. [Back to table](#)
8. Public sector net cash requirement excluding public sector banks. [Back to table](#)
9. 2018/19 represents financial year ending 2019 (April 2018 to March 2019). [Back to table](#)
10. y-t-d means current financial year to date (April to June 2019). [Back to table](#)

## Revisions to public sector net borrowing excluding public sector banks in the current financial year-to-date (April to June 2019)

The data for the latest month of every release contain a degree of forecasts. The initial outturn estimates for the early months of the financial year, particularly April, contain more forecast data than other months. This is because profiles of tax receipts, along with departmental and local government spending, are still 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.

Public sector net borrowing excluding public sector banks (PSNB ex) in the current financial year-to-date has been revised down by £0.6 billion compared with figures presented in the previous bulletin (published on 19 July 2019). This revision was largely due to the receipt of updated central government data, which saw our previous estimate of central government receipts increasing by £1.0 billion and current expenditure increasing by £0.2 billion.

Of the £1.0 billion increase in central government receipts, previous estimates of tax revenue decreased by £0.1 billion, interest and dividends receipts increased by £0.7 billion, and National Insurance contributions increased by £0.3 billion.

Over the same period, a £1.3 billion increase in central government's expenditure on goods and services was largely offset by a reduction in subsidies, transfers paid to local government and National Insurance Fund benefits of £0.4 billion, £0.3 billion and £0.2 billion respectively.

This reduction of £0.3 billion in current transfers paid by central government to local government has resulted in an equal and offsetting reduction in local government receipts (though recorded as negative expenditure by convention), contributing to the £0.2 billion upward revision to local government borrowing.

Figure 8 breaks down the revision to PSNB ex in the current financial year-to-date by each of its four sub-sectors: central government, local government, non-financial public corporations and the Bank of England.



**Figure 8: How each element of the public sector contributes to the revision in financial year-to-date net borrowing (PSNB ex)**

Latest data covering the months of April to June 2019, compared with that presented in the previous bulletin (19 July 2019), UK

£ billion

<b>PSNBex</b>			
Previous	Revision	Latest	
17.9	-0.6	17.3	

<b>CGNB</b>			
Previous	Revision	Latest	
19.7	-0.8	18.9	
=			
<b>CG Current Expenditure</b>			
182.5	0.2	182.7	
-			
<b>CG Receipts</b>			
177.6	1.0	178.6	
+			
<b>CG Depreciation</b>			
4.7	0.0	4.7	
+			
<b>CG Net Investment</b>			
10.1	0.0	10.1	

<b>LGNB</b>			
Previous	Revision	Latest	
-1.7	0.2	-1.5	
=			
<b>LG Current Expenditure</b>			
10.5	0.3	10.8	
-			
<b>LG Receipts</b>			
12.4	0.0	12.4	
+			
<b>LG Depreciation</b>			
3.2	0.0	3.2	
+			
<b>LG Net Investment</b>			
-3.0	0.0	-3.1	

<b>PCNB</b>			
Previous	Revision	Latest	
-0.2	0.0	-0.2	
=			
<b>PC Current Expenditure</b>			
0.1	0.0	0.1	
-			
<b>PC Receipts</b>			
1.8	0.0	1.8	
+			
<b>PC Depreciation</b>			
2.2	0.0	2.2	
+			
<b>PC Net Investment</b>			
-0.6	0.0	-0.7	

<b>BoENB</b>			
Previous	Revision	Latest	
0.2	0.0	0.2	

<b>CG Receipts</b>			
	Previous	Revision	Latest
Of Which:			
Taxes on production	70.3	-0.4	69.9
Of Which:			
VAT	38.5	-0.4	38.1
Fuel Duty	7.1	0.0	7.1
Alcohol	3.1	-0.1	3.0
Tobacco	2.1	0.0	2.1
Stamp Duty (L&P)	2.9	0.0	2.9
Taxes on I&W	55.2	0.4	55.6
Of Which:			
Income Tax	39.1	0.4	39.5
o/w Self Assessment	-0.3	0.0	-0.3
Corporation Tax	15.9	0.0	15.9
Other Taxes	4.5	0.0	4.5
Total Taxes	130.1	-0.1	130.0
NICs	34.6	0.3	34.9
Interest & Dividends	6.9	0.7	7.6
Other receipts	6.1	0.0	6.1

<b>CG Expenditure</b>			
	Previous	Revision	Latest
Of Which:			
Interest	16.4	0.2	16.6
Net social Benefits	54.0	-0.4	53.7
Of Which:			
NI Fund Benefits	27.0	-0.2	26.8
Social Assistance	25.1	-0.1	25.0
Other Current	112.0	0.4	112.4
Of Which:			
Goods & Services	68.8	1.3	70.1
o/w Staff Costs	32.1	0.4	32.5
Transfers to LG	29.4	-0.3	29.2
Contributions to EU	2.4	0.0	2.4

Source: Office for National Statistics – Public sector finances

Notes:

1. PSNBex – Public sector net borrowing excluding public sector banks.
2. CGNB – Central government net borrowing.
3. LGNB – Local government net borrowing.
4. PCNB – Non-financial public corporations' net borrowing.
5. BoENB – Bank of England net borrowing.
6. L&P – Land and property.
7. I&W – Income and wealth.
8. Contributions to EU – UK VAT, GNI and abatement contributions to the EU budget.
9. NICs – National insurance contributions.

## **Revisions to public sector net borrowing excluding public sector banks in the financial year ending March 2019 (April 2018 to March 2019)**

This bulletin presents the fifth estimate of UK public sector finances for the financial year ending March 2019; these are not final figures and will be revised over the coming months as we replace our initial estimates with provisional and then final outturn data.

Since our last release (published on 19 July 2019), public sector net borrowing excluding public sector banks (PSNB ex) for the period April 2018 to March 2019 has been revised up by £0.1 billion.

A reduction of £0.4 billion to our estimate of National Insurance contributions has been largely offset by an increase of £0.4 billion to our previous estimate of accrued Value Added Tax (VAT) receipts.

### **How estimates of public sector net borrowing change over time**

Borrowing in the latest full financial year (April 2018 to March 2019) was £23.6 billion, a £1.1 billion reduction on our first estimate of £24.7 billion (published on 24 April 2019). We expect this figure will be revised further over the coming months as we continue to replace our initial estimates with provisional and then final outturn data.

[Revisions to the first reported estimate of public sector net borrowing: Appendix F](#) summarises revisions to the first estimate of public sector borrowing excluding public sector banks (PSNB ex) by sub-sector for the last six financial years. Revisions are shown at 6 and 12 months after year-end.

For example, when we first published our estimate of public sector net borrowing (PSNB ex) for the financial year ending March 2018 (April 2017 to March 2018) in April 2018, we estimated it as £42.6 billion. In April 2019, or 12 months later, we presented a revised estimate of £41.8 billion, £0.8 billion lower than our initial estimate.

We have published an article, [Public Sector Finances – Sources summary and their timing \(PDF, 22.8KB\)](#), that provides a brief summary of the different sources used and the implications of using those data in the [monthly public sector finances \(PSF\) statistical bulletin](#).

## Revisions to public sector net debt excluding public sector banks

Public sector net debt excluding public sector banks (PSND ex) at the end of June 2019 has been revised up by £0.4 billion compared with that presented in the previous bulletin (published on 19 July 2019). This increase in PSND ex resulted from a combination of a £0.3 billion increase in Network Rail's contribution to central government gross debt and a £0.2 billion reduction in the previous estimate of central government liquid assets.

## 7 . How do our figures compare with official forecasts?

The independent [Office for Budget Responsibility \(OBR\)](#) is responsible for the production of official forecasts for government. These forecasts are usually produced twice a year, in spring and autumn.

On 13 March 2019, the government published its [Spring Statement 2019](#). On the same day, the OBR published updated forecasts for debt and borrowing, on which the Spring Statement 2019 is based.

The OBR forecasts used in this bulletin are based on those published in its [Economic and fiscal outlook – March 2019](#). In this publication, the OBR forecast public sector net borrowing excluding public sector banks (PSNB ex) in the financial year ending March 2019 to be £22.8 billion, with an expectation it would increase to £29.3 billion in the financial year ending March 2020.

Table 2 compares the current outturn estimates for each of our main public sector (excluding public sector banks) aggregates for the current financial year-to-date with corresponding OBR forecasts for the following financial year. It also compares the latest full financial year (April 2018 to March 2019) outturn estimates with those of the previous financial year.

Caution should be taken when comparing public sector finances data with the OBR figures for the full financial year. Data are not finalised until some time after the financial year ends, with initial estimates made soon after the end of the financial year often subject to sizeable revisions in later months as forecasts are replaced with audited outturn data. There may also be known methodological differences between the OBR forecasts and outturn data.

Table 2: Latest outturn estimates compared with Office for Budget Responsibility forecasts  
Office for Budget Responsibility (OBR) forecasts in the current financial year-to-date (April to July 2019)  
compared with the latest full financial year (April 2018 to March 2019), UK

	£ billion <sup>1</sup> (not seasonally adjusted)					
	Financial year-to-date			Full financial year		
	2018/19	2019/20	% change	2018 /19 Outturn	2019/20 OBR Forecast	% change
Current budget deficit <sup>2</sup>	1.4	6.1	340.3	-18.1	-17.7	-2.3
Net investment <sup>3</sup>	8.6	9.9	15.0	41.7	47.0	12.8
Net borrowing	10.0	16.0	60.0	23.6	29.3	24.3
Net debt	1,777.6	1,807.2	1.7	1,802.7	1,838.2	2.0
Net debt as a percentage of GDP, <sup>1</sup>	83.7	82.4	-1.3	83.1	82.2	-0.9

Source: Office for National Statistics – Public sector finances

#### Notes

1. Unless otherwise stated. [Back to table](#)
2. Current budget deficit is the difference between current expenditure (including depreciation) and current receipts. [Back to table](#)
3. Net investment is gross investment (net capital formation plus net capital transfers) less depreciation. [Back to table](#)
4. Net borrowing is current budget deficit plus net investment. [Back to table](#)
5. Net debt is financial liabilities (for loans, deposits, currency and debt securities) less liquid assets. [Back to table](#)
6. GDP at current market price. [Back to table](#)
7. Financial year-to-date refers to the period April to July. [Back to table](#)
8. 2019/20 refers to financial year ending in March 2020 and 2018/19 refers to financial year ending in March 2019. [Back to table](#)
9. All OBR figures are from the OBR Economic and Fiscal Outlook published in March 2019. [Back to table](#)
10. Change in percentage points. [Back to table](#)

## 8 . International comparisons of borrowing and debt

### Government Finance Statistics

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

On 17 July 2019, we published [UK government debt and deficit: March 2018](#), consistent with Public sector finances, UK: May 2019 (published on 21 June 2019). In this publication we stated that:

- general government gross debt was £1,821.3 billion at the end of the financial year ending March 2019, equivalent to 85.2% of gross domestic product (GDP); this is 25.2 percentage points above the Maastricht reference value of 60%
- general government deficit (or net borrowing) was £25.5 billion in the financial year ending March 2019, equivalent to 1.2% of GDP; this is 1.8 percentage points below the Maastricht reference value of 3%

This month, we publish largely unchanged data compared with those published on 17 July 2019, with the estimate of general government net borrowing decreasing by £0.3 billion and general government gross debt increasing by £1.4 billion.

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 statistical bulletin differs from that used within the [public sector finances statistical bulletin](#).

## International Monetary Fund's Government Finance Statistics framework

In May 2019, we published [supplementary tables compliant with the International Monetary Fund's \(IMF\) Government Finance Statistics framework](#) for the first time.

These new supplementary tables, [International Monetary Fund's Government Finance Statistics Framework in the public sector finances: Appendix E](#), present the public sector balance sheet, statement of operations and statement of other economic flows. We intend to further refine these statements and further align the underlying methodology with the [Government Finance Statistics Manual 2014](#).

Our methodological article, [International Monetary Fund's Government Finance Statistics framework in the public sector finances](#), accompanies these tables. It provides an overview of the IMF's framework, explains differences to the national accounts framework, provides information on data sources and quality, and details our future plans.

## 9 . Quality and methodology

The [Public sector finances Quality and Methodology Information Report](#) contains important information on:

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

The [public sector finances methodological guide](#) provides comprehensive contextual and methodological information concerning the monthly [public sector finances statistical bulletin](#).

The guide sets out the conceptual and fiscal policy context for the bulletin, identifies the main fiscal measures, and explains how these are derived and inter-related. Additionally, it details the data sources used to compile the monthly estimates of the fiscal position.

## Local government forecasts

In recent years, planned expenditure initially reported in local authority budgets has systematically been higher than the final outturn expenditure reported in the audited accounts. We therefore include adjustments to reduce the amounts reported at the budget stage.

Further information on these and additional adjustments can be found in the [Public sector finances Quality and Methodology Information Report](#).

## 10 . Looking ahead

This section presents information on aspects of data or methodology that are planned but not yet included in the public sector finances.

### Looking ahead – developments in public sector finance statistics

On 31 May 2019, we published the second publication in our series of development articles, [Looking ahead – developments in public sector finance statistics: 2019](#). In this article, we listed a number of short-term areas of work that we aim to implement in public sector finance (PSF) statistics within 18 months from the date of this publication. These include:

- treatment of student loans
- presentation of pension data on a gross basis
- International Monetary Fund's Government Finance Statistics framework
- treatment of capital consumption (or depreciation)
- continuous development of public sector net financial liabilities
- recording of leases

The article also provides some detail on the areas of planned medium- and longer-term development.

### Developments in public sector finance statistics: planned for September 2019

This section presents information on aspects of data or methodology that are planned for introduction in September 2019. Where available, we have presented our provisional estimates of the expected revisions to public sector net borrowing, net debt and net financial liability. These are not final figures and may be improved further before publication on 24 September 2019 as we continue with our quality assurance work.

### Student loans in public sector finances: A methodological guide

In December 2018, we announced our decision to replace the current treatment of student loans in the public sector finances statistics with a [treatment that better reflects government's financial position](#). This new approach, described in our methodology article [Student loans in the public sector finances: a methodological guide](#), published on 21 June 2019, recognises that a significant proportion of student loan debt will never be repaid by recording government expenditure related to the cancellation of student loans in the period that loans are issued rather than decades afterwards.

When we announced our initial decision, we estimated (based on calculations by the Office for Budget Responsibility, OBR) that introducing the new treatment would increase public sector net borrowing (PSNB) by approximately £12 billion in the financial year ending March 2019. Since December 2018, we have worked with the Department for Education to develop and refine the modelling that underlies these estimates.

Following this work, in June 2019, we estimated that PSNB would increase by £10.6 billion in the financial year ending March 2019. In addition to calculating the expenditure associated with lending to students, we have now completed our analysis of the pre-2012 student loan sales conducted by the government in 2017 and 2018. We estimated that in the financial year ending March 2019, the sale will increase PSNB by £1.5 billion, leading to a total impact of £12.0 billion for that year.

Incorporating the results of the student loan sale analysis into our estimates, we expect public sector net financial liabilities (PSNFL) at the end of March 2019 to increase by £59.2 billion, reflecting the lower value of the loan asset held by government. On the other hand, public sector net debt (PSND) is not affected by the student loan treatment, being affected only by the levels of cash extended to borrowers at inception and repaid by them in consequent time periods, and by sale proceeds.

## Presentation of pension data

In September 2019, we will be changing the way we present funded public sector employment-related pension schemes in our public sector finances statistics. In addition to our current presentation, which recognises the public sector's liability for the pension scheme deficit, we will extend to include pension schemes themselves (and all their assets and liabilities) and the Pension Protection Fund within the public sector boundary.

While the change is mainly focused on presentation, we expect public sector net debt (PSND) at the end of March 2019 to decrease by £30.9 billion as a result of the consolidation of pension schemes' gilt holdings and liquid assets.

Public sector net financial liabilities (PSNFL) will also increase, albeit by lesser amounts. We have refined the early provisional estimate published in our [June public sector finances bulletin](#) (published 19 July 2019) and expect that at the end of March 2019, PSNFL will increase by £8.6 billion. Public sector pension schemes' accounts include their financial liabilities along with both their financial and non-financial assets.

However, only financial liabilities and assets are included in PSNFL. This imbalance results in a positive impact on PSNFL by an amount equivalent to the non-financial assets plus the difference between the market value and face values of the central government gilts held by the pension funds. When recognised as a government liability, debt securities are recorded on a face value basis, which represents the amount due to be repaid. However, in the pension funds' balance sheet, the recording of debt securities issued by government is done on a market value basis. As a result, the consolidation process is not completely neutral in its impact on PSNFL.

Finally, public sector net borrowing (PSNB) will be impacted by two effects. One is that a change in pension liability may, in the short term, differ from pension funds' revenue such as pension contributions and property income receivable. In addition, the operation of the Pension Protection Fund, which can engage in unbalanced transactions assuming a higher pension liability than the value of the assets transferred to it, can have a pronounced effect in certain years. In combination, we estimate these factors will increase PSNB by £0.5 billion in the financial year ending March 2019.

## Appendix A: Public sector finances tables 1 to 10

We have updated our presentation of public sector net borrowing (PSNB) and public sector net debt (PSND) in [Public sector finances tables 1 to 10: Appendix A](#), with additional columns to reflect the introduction of a pensions sector within the public sector boundary.

Table PSA2, Public sector net borrowing : by sector has an additional (unpopulated) column to reflect the pension sector's contribution to PSNB.

An additional group of three tables, PSA8B\_1, PSA8B\_2 and PSA8B\_3: Public sector net debt, have been included. These tables have been improved to present more clearly the path between general government consolidated gross debt and PSND. In summary:

- Table8A remains unchanged in the new presentation
- Tables PSA8B\_1 and PSA8B\_2 are replacements for the current tables PSA8B and PSA8D\_1 and PSA8D\_2
- Tables PSA8B\_3 contains memo items that existed in the current PSA8B and PSA8D but are not included in the new presentation
- Table8C remains unchanged in the new presentation

These changes have only been applied to the Excel dataset Appendix A and not the PDF tables. No pensions data are currently added to this presentation, the changes simply reflect the format for how the data will be published from September 2019 onwards.

## Public sector borrowing by sub-sector

Our [Public sector finances borrowing by sub-sector](#) presentation released on 22 August 2019, will be extended to include the pensions subsector. No pensions data are currently added to this presentation, the changes simply reflect the format for how the data will be published from September 2019 onwards.

## Capital consumption

In June 2019, we announced our intention to introduce a number of [improvements to the estimation of capital stocks](#) and therefore the consumption of fixed capital in September 2019. These include:

- the life length of fixed assets
- the classification of stocks by asset, industry and the institutional sector
- the modelling of the age-efficiency profile of capital assets

Any updates to capital consumption are public sector net borrowing (PSNB) neutral, that is, any increase in capital consumption leads to an equivalent increase in current budget deficit and an equal and offsetting reduction in net investment. We estimate that the public sector current budget deficit will increase by £8.7 billion in the financial year ending March 2019, with an equal and offsetting reduction to net investment over the same period.

There are no public sector net borrowing (PSNB), public sector net debt (PSND) or public sector net financial liabilities (PSNFL) impacts associated with a change to capital consumption.

## Value Added Tax refunds

In October 2018, we announced the completion of a [review of our recording of Value Added Tax \(VAT\) refunds data](#).



VAT refunds provide an estimate of the amount of VAT claimed back by local authorities and central government departments, with the intention of recording the sales of services consumed by government on an equivalent basis, whether they are provided by government or by the private sector.

Given that this tax is recorded as income and expenditure for both local or central government, any updates to VAT refunds data have no impact on public sector net borrowing (PSNB). We estimate that public sector current receipts will increase by £3.7 billion in the financial year ending March 2017, with an equal and offsetting increase in both current spending and net investment of £3.7 billion and £0.1 billion respectively, over the same period.

There are no PSNB, public sector net debt (PSND) or public sector net financial liabilities (PSNFL) impacts associated with a change to VAT refunds.

At the time, we noted that the identified improvements to our recording of the VAT refunds (associated with the NHS, academies, the BBC and police commissioners) would be only introduced for the financial year ending (FYE) March 2018 and the FYE March 2019 and that further data improvements would be introduced in line with the national accounts. In September 2019, we will be introducing these improvements back to the FYE March 1998.

## Winter Fuel Payments

[Winter Fuel Payments](#) are a universal benefit designed to help cover heating costs, which is paid to those aged 65 years or over.

Historically, the expenditure for this benefit has been recorded in the public sector finances (PSF) in November, which is when the cash payments are made. However, the eligibility for each year's payments is settled in September, as claimants must have lived in the UK during the "qualifying week" of that month.

In line with our standard accruals methodology and following discussions with the Department for Work and Pensions (DWP), we have revised the recording of these payments to the point each year when the eligibility is established, rather than when the cash is paid. The change moves the expenditure between these two months (November to September) within the same financial year, increasing public sector net borrowing (PSNB) in September and reducing it by an equal and offsetting amount in November.

These changes have been made back to the financial year ending March 1998, following the benefit's introduction.

## Corporation Tax

HM Revenue and Customs (HMRC) have reviewed the way by which they account for on-shore corporation tax payments. This review identified an issue with the classification algorithm, caused by operational changes to the Corporation Tax payments system in 2014. Correcting this issue has provided the opportunity for the Office for National Statistics (ONS) and HMRC to align their historical Corporation Tax datasets.

As a result of these improvements, the revisions to Corporation Tax receipts are expected to range between +£0.5 billion and -£2.5 billion per year in the 12 years between the financial year ending (FYE) March 2008 and the FYE March 2019.

## Impact tables for changes to be implemented in September 2019

This section presents our initial estimates of revisions to public sector net borrowing (PSNB) (Table 3), net financial liabilities (PSNFL) (Table 4) and net debt (PSND) (Table 5) owing to our planned methodology and data changes scheduled to be introduced in September 2019.

[Provisional impact of student loans, public sector-funded pension scheme changes and other expected data changes introduced in September 2019: Appendix G](#), provides an extended presentation of Tables 3 to 5, adding the expected impacts on public sector current budget deficit and net investment.

Table 3: Provisional impact of Student loans, public sector funded pension scheme changes and other expected data changes on public sector net borrowing excluding public sector banks (PSNB ex), UK

£ billion (not seasonally adjusted)

	Current basis		Methods change				New basis	
	Public sector net borrowing ex	Public sector net borrowing ex as a percentage of GDP	Student loans <sup>1</sup>	Public sector funded pension schemes <sup>2</sup>	Winter Fuel Payments	Corporation tax <sup>3</sup>	Public sector net borrowing ex	Public sector net borrowing ex as a percentage of GDP
1997 /98	9.1	0.9	0.0	0.0	0.0	0.0	8.4	0.9
1998 /99	-1.1	-0.1	0.0	-0.2	0.0	0.0	-1.5	-0.2
1999 /00	-11.0	-1.0	0.1	-0.9	0.0	0.0	-11.3	-1.1
2000 /01	-16.1	-1.5	0.1	-0.3	0.0	0.0	-16.4	-1.5
2001 /02	4.4	0.4	0.1	0.7	0.0	0.0	3.1	0.3
2002 /03	32.1	2.7	0.1	1.5	0.0	0.0	29.3	2.4
2003 /04	38.8	3.1	0.1	2.2	0.0	0.0	36.1	2.8
2004 /05	46.1	3.5	0.2	2.3	0.0	0.0	43.9	3.3
2005 /06	41.6	2.9	0.2	1.8	0.0	0.0	39.7	2.8
2006 /07	38.0	2.6	0.4	1.0	0.0	0.0	36.6	2.5
2007 /08	42.9	2.8	0.6	1.5	0.0	-0.8	40.8	2.6
2008 /09	113.5	7.3	0.9	3.5	0.0	-1.1	110.8	7.1
2009 /10	153.1	9.9	1.5	2.9	0.0	0.4	150.9	9.8
2010 /11	136.5	8.5	1.2	2.0	0.0	-0.4	135.2	8.4
2011 /12	116.3	7.0	1.3	3.3	0.0	-0.8	115.1	7.0
2012 /13	120.3	7.0	2.2	0.8	0.0	0.4	123.0	7.2
2013 /14	97.7	5.5	3.7	2.4	0.0	-0.7	98.8	5.5
2014 /15	89.9	4.8	5.2	0.6	0.0	-2.5	91.4	4.9
2015 /16	71.8	3.8	6.2	-0.8	0.0	-1.9	74.9	3.9
2016 /17	44.9	2.3	7.2	-0.1	0.0	-1.4	50.3	2.5

2017 /18	41.8	2.0	10.1	-0.7	0.0	-0.2	51.1	2.5
2018 /19	23.6	1.1	12.0	0.5	0.0	0.5	36.9	1.7

Source: Office for National Statistics – Public sector finances

#### Notes

1. Student loans impacts are provisional estimates and may change between now and the implementation of the new methodology in September 2019. [Back to table](#)
2. Includes Pension Protection Fund (PPF) and public sector employment-related pension funds. [Back to table](#)
3. Financial year impacts are borrowing neutral. [Back to table](#)

Table 4: Provisional impact of Student loans, public sector funded pension scheme changes and other expected data changes on public sector net financial liabilities (PSNFL ex), UK

Current basis		Methods changes		New basis		
Public sector net financial liabilities	Public sector net financial liabilities as a percentage of GDP	Student loans <sup>1</sup>	Public sector funded pension schemes <sup>2</sup>	Public sector net financial liabilities	Public sector net financial liabilities as a percentage of GDP	
1997/98	312.3	31.9	-	4.0	316.3	32.3
1998/99	314.5	30.7	2.5	4.3	321.3	31.4
1999/00	282.6	26.2	2.7	4.8	290.1	26.9
2000/01	287.0	25.7	2.9	4.3	294.2	26.3
2001/02	314.0	26.9	2.9	3.7	320.6	27.4
2002/03	366.1	29.7	2.7	3.6	372.4	30.2
2003/04	384.6	29.6	2.8	3.9	391.3	30.1
2004/05	428.6	31.4	2.5	4.3	435.5	31.9
2005/06	432.3	29.9	2.4	5.2	439.9	30.4
2006/07	457.8	30.1	3.1	5.2	466.1	30.6
2007/08	507.6	32.1	4.1	4.9	516.6	32.6
2008/09	707.5	45.9	5.3	3.5	716.3	46.5
2009/10	829.9	52.8	6.4	3.6	839.9	53.4
2010/11	935.9	57.4	7.6	3.9	947.3	58.1
2011/12	1,067.5	63.7	9.4	6.7	1,083.6	64.6
2012/13	1,192.4	68.4	11.7	5.5	1,209.6	69.4
2013/14	1,271.0	69.6	16.1	5.8	1,292.9	70.8
2014/15	1,342.4	71.4	22.2	8.4	1,372.9	73.0
2015/16	1,417.8	72.8	29.3	6.8	1,453.9	74.6
2016/17	1,452.9	71.6	38.1	9.4	1,500.4	73.9
2017/18	1,415.5	67.3	45.1	7.8	1,468.4	69.8
2018/19	1,427.0	65.8	59.2	8.6	1,494.8	68.9

Source: Office for National Statistics – Public sector finances

#### Notes

1. Student loans impacts are provisional estimates and may change between now and the implementation of the new methodology in September 2019. [Back to table](#)
2. Public sector funded pension scheme impacts are provisional estimates and may change between now and the implementation of the new methodology in September 2019. [Back to table](#)

Table 5: Provisional impact of Student loans, public sector funded pension scheme changes and other expected data changes on public sector net debt (PSND ex), UK

<b>Current basis</b>		<b>Methods changes</b>		<b>New basis</b>		
<b>Public sector net debt</b>	<b>Public sector net debt as a percentage of GDP</b>	<b>Student loans</b>	<b>Public sector funded pension schemes<sup>1</sup></b>	<b>Public sector net debt</b>	<b>Public sector net debt as a percentage of GDP</b>	
1997/98	358.6	36.7	0.0	-8.1	350.5	35.8
1998/99	357.8	35.0	0.0	-8.8	349.0	34.1
1999/00	349.3	32.4	0.0	-9.9	339.4	31.5
2000/01	316.7	28.3	0.0	-9.3	307.4	27.5
2001/02	323.1	27.7	0.0	-8.7	314.4	26.9
2002/03	356.2	28.9	0.0	-7.6	348.6	28.3
2003/04	391.0	30.1	0.0	-9.0	382.0	29.4
2004/05	446.5	32.7	0.0	-10.1	436.4	31.9
2005/06	487.2	33.6	0.0	-12.0	475.2	32.8
2006/07	523.6	34.4	0.0	-13.4	510.1	33.5
2007/08	557.2	35.2	0.0	-12.8	544.4	34.4
2008/09	768.3	49.9	0.0	-11.5	756.8	49.1
2009/10	1,011.9	64.3	0.0	-15.2	996.7	63.4
2010/11	1,157.6	71.0	0.0	-15.3	1,142.3	70.1
2011/12	1,253.1	74.7	0.0	-20.9	1,232.3	73.5
2012/13	1,363.6	78.2	0.0	-17.5	1,346.1	77.2
2013/14	1,464.4	80.2	0.0	-24.1	1,440.3	78.9
2014/15	1,554.7	82.6	0.0	-26.4	1,528.3	81.2
2015/16	1,602.6	82.3	0.0	-22.0	1,580.6	81.1
2016/17	1,726.7	85.1	0.0	-26.4	1,700.3	83.8
2017/18	1,779.3	84.6	0.0	-29.5	1,749.8	83.2
2018/19	1,802.7	83.1	0.0	-30.9	1,771.8	81.7

Source: Office for National Statistics – Public sector finances

#### Notes

1. Public sector funded pension scheme impacts are provisional estimates and may change between now and the implementation of the new methodology in September 2019. [Back to table](#)

## Ongoing developments in public sector finance statistics

This section presents information on our current continuous improvement projects and methodological decisions that are planned but not yet included in the public sector finances (PSF).

### Clinical Negligence Indemnity Cover

On 1 April 2019, the government announced the [Clinical Negligence Scheme for General Practice \(CNSGP\)](#), operated by [NHS Resolution](#) on behalf of the Secretary of State for Health and Social Care.

The scheme provides comprehensive cover to all General Practitioners (GPs) and their wider practice team for clinical negligence relating to NHS services occurring from 1 April 2019. In parallel, the government has agreed commercial terms with the Medical Protection Society covering claims for historical NHS clinical negligence incidents of their GP members occurring at any time before 1 April 2019.

We are currently assessing the implications of this scheme on the public sector finances (PSF) and will announce our findings at the earliest opportunity.

### EU withdrawal agreement

Although the Office for Budget Responsibility (OBR) discusses the EU settlement in their [Economic and fiscal outlook – March 2019 report](#), the details in the report are still subject to negotiation.

There is insufficient certainty at this stage for us to complete a formal assessment of impact on the UK public sector finances (PSF).

On 28 January 2019, former National Statistician John Pullinger [released a statement outlining our legislative preparations for a possible no-deal EU exit](#).

### East Coast Mainline

On 16 May 2018, the government announced that from 24 June 2018, [London North Eastern Railway \(LNER\) will take over the running of East Coast Mainline services](#). On 31 August 2018, we announced that [LNER would be classified to the public non-financial corporations sub-sector](#), effective from 14 February 2018. We are currently investigating the implications of this decision and our conclusions will be announced in due course.

### Carillion insolvency

Following Carillion Plc declaring insolvency on 15 January 2018, the UK government announced that it would [provide the funding required by the Official Receiver](#), to ensure continuity of public services through an orderly liquidation. The Official Receiver has been appointed by the court as liquidator, along with partners at PwC that have been appointed Special Managers. The defined benefit pension schemes of former Carillion employees are currently being [assessed by the Pension Protection Fund](#) prior to any transition into the Pension Protection Fund scheme.

We are currently investigating the various impacts of the liquidation of Carillion on the public sector finances (PSF), including in relation to the public-private partnership projects in which Carillion was involved and the additional funding that the government has provided to maintain public services. We will announce our findings in due course.

Prior to liquidation, Carillion held approximately 450 contracts with government, representing 38% of Carillion's 2016 reported revenue.

## Sale of railway arches

On 11 September 2018, [Network Rail announced they had agreed terms for the sale of their Commercial Estate business in England and Wales](#). On 4 February 2019, the National Audit Office confirmed that [Network Rail had completed a £1.46 billion sale of its commercial property portfolio](#) consisting of approximately 5,200 properties across England and Wales, mainly railway arches.

Public sector net debt (PSND) at the end of February 2019 and the central government net cash requirement in February 2019 were each reduced by an amount equivalent to the cash received by central government from the sale.

We are currently investigating the nature of the transaction to ensure that the impacts will be fully reflected in the public sector finances (PSF), so it has yet to be determined whether public sector net borrowing (PSNB) is affected and therefore it remains unchanged.

# 11 . Links to data and related publications

## Time series data

All data contained within these publications are available to download via the [Public sector finances time series](#). From April 1997 to date, where available, time series are presented as monthly data, with series extending further back in time, generally presented on a quarterly or financial year basis.

Time series exclusive to the public sector finances borrowing by sub-sector presentation are only available as quarterly time series, though these extend back to 1946.

## Supporting documentation

Documentation supporting this publication is available in appendices to the bulletin:

- [Public sector finances tables 1 to 10: Appendix A](#)
- [Large impacts on public sector fiscal measures excluding banking groups: Appendix B](#)
- [Public sector finances revisions analysis on main fiscal aggregates: Appendix C](#)
- [Public sector current receipts: Appendix D](#)
- [International Monetary Fund's Government Finance Statistics Framework in the public sector finances: Appendix E](#)
- [Revisions to the first reported estimate of public sector net borrowing: Appendix F](#)
- [Provisional impact of student loans, public sector-funded pension scheme changes and other expected data changes introduced in September 2019: Appendix G](#)



## Public sector borrowing by sub-sector

Each month, at 9:30am on the working day following the [public sector finances statistical bulletin](#), we publish [Public sector finances borrowing by sub-sector](#). This release contains an extended breakdown of public sector borrowing in a matrix format and estimates of total managed expenditure (TME).

## Country and regional public sector finances

On 28 May 2019, we published the latest release of our regular [Country and regional public sector finances](#) articles. This release includes a summary of net fiscal balance, total revenue and total expenditure by country and region within the UK.