

Article

Proposed changes to be implemented in Blue Book and Pink Book 2022

Planned scope and content of the UK National Accounts, the Blue Book and UK Balance of Payments, the Pink Book 2022 editions.

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1 . Overview

Every year the Office for National Statistics (ONS) updates the sources and methods for the UK National Accounts and publishes the latest estimates (including revisions to past periods) in the annual "[UK National Accounts, the Blue Book](#)" publication. A regular part of these updates is annual supply and use balancing. This brings together detailed data on the three approaches (production, income and expenditure) to measuring gross domestic product (GDP), balancing them by product, as well as updating the volume series.

In the UK, the National Accounts and balance of payments are fully integrated and coherent and therefore a parallel process is followed for balance of payments. The annual balance of payments publication, known as "[the Pink Book](#)", is published at the same time as the Blue Book and includes detailed balance of payments statistics such as geographical breakdowns of the current account and international investment position.

This article is part of a series describing proposed changes to the UK National Accounts and Balance of payments, which are being made in Blue Book 2022 and Pink Book 2022, to ensure that they continue to provide the best possible framework for analysing the UK economy and for international comparison.

[The Quarterly national accounts](#), [Quarterly sector accounts](#) and [Balance of payments quarterly release](#) will be published on 30 September 2022 and will be consistent with the Blue Book and Pink Book 2022, which is planned to be published on 31 October 2022.

We will publish further details on the proposed developments and their impacts in a series of articles in the lead-up to publication.

2 . International comparability

The UK National Accounts are aligned to international standards, specifically the System of National Accounts and Balance of Payments Manuals, to ensure international comparability. In September 2014, the Office for National Statistics (ONS) published the first set of UK National Accounts incorporating methods improvements to bring them in line with [the European System of Accounts 2010 \(ESA 2010\)](#), which replaced the European System of Accounts 1995 (ESA 95). The balance of payments was also published in line with the [Balance of Payments and International Investment Position Manual sixth edition \(BPM6\)](#).

The [Agreement on the Withdrawal of the UK from the European Union \(EU\)](#) sets out, among other things, the position regarding the UK's contribution to and participation in the EU budget. Article 136 provides that the UK will continue to make EU budget contributions for the years up to 2020 and implies that GDP and GNI in these years must be based on the ESA 2010 framework.

3 . Future developments

This section outlines some of the main methodological improvements proposed to be implemented as part of the continued transformation of the UK National Accounts, in the Blue Book and Pink Book 2022.

Insurance and pensions

Multiple changes are planned to the insurance and pensions series in the National Accounts. Insurance companies and pension funds are part of the financial institutions sector of the economy and are presented together when published in the National Accounts.

Access to more granular data sources, [Solvency II data](#) (a new administrative data source collected by the Bank of England's Prudential Regulation Authority as part of the regulation of UK insurance companies) and the [new pension funds survey](#), will facilitate improvements to both data and methods. These changes will feed into publications such as the Blue Book and Pink Book.

Access to Solvency II data will enable the Office for National Statistics (ONS) to isolate the financial flows associated with the different types of insurance business, such as pension provision, other life (long-term) insurance and non-life (or general) insurance business. This means that the ONS will be able to apply the appropriate methodologies, in line with international guidance, for each type of insurance business.

For pension funds, the ONS replaced the MQ5 Pension Funds Survey with the [Financial Survey of Pension Schemes \(FSPS\)](#) from Quarter 2 (Apr to June) 2019. The FSPS is a quarterly survey that collects data on income and expenditure, transactions, assets and liabilities of UK-funded occupational pension schemes. While part of the FSPS data have already been incorporated into the accounts in Blue Book 2021, the additional planned changes will update most of the financial balance sheet and accounts for the asset and liability holdings of pension funds.

In addition to the use of the new FSPS data, we are also introducing methods changes to the non-financial account to improve the estimation of employer pension contributions for private sector defined benefit pension schemes and to produce estimates of the contributions and benefits associated with non-resident households.

Trade

The [transformation of trade statistics](#) continues to improve our understanding of international trade. Improvements will be seen across a range of products within both trade in goods and services. These include new data sources and methods for remote gambling, exports of education services and expenditure by non-resident businesses in UK ports and airports. In addition, estimates of international travel will be aligned with revised international passenger survey data.

Furthermore, we will also incorporate the corrected HM Revenue and Customs (HMRC) overseas trade data used to compile the ONS' UK trade statistics. [An article](#) was previously published to provide users with an indicative estimate of the likely scale and impact of these corrections on the ONS trade statistics for the time period 2015 to 2019.

Benchmarks

The compilation of annual National Accounts is mainly based on regular surveys and administrative data sources. However, in some cases it is necessary to use less frequent data sources or bespoke academic or market research to fill data gaps in areas that are difficult to measure. Wherever possible we try to update these "benchmark" data sources at least once every five years. Therefore, benchmarks are refreshed in most annual updates to the UK National Accounts. In Blue Book 2022, we plan to deliver a larger number of benchmark changes than usual. These data changes will impact household final consumption expenditure estimates, gross operating surplus, trade, compensation of employees and gross fixed capital formation.

Other improvements

For Blue Book 2022, we propose to enhance the coverage of listed shares estimates to ensure these cover all incorporated companies by using data from Bloomberg L.C (Bloomberg). This new data source will complement our existing data which is already provided from the London Stock Exchange (LSE).

In most Blue Books, volume series are updated so their reference and last base years are moved forward by one year as part of the process of annual chain-linking. However, in Blue Book 2022 the reference and last base year will stay at 2019 for a second consecutive year. The effect of the COVID-19 pandemic has led to very large movements in industry-level estimates of gross value added (GVA), so that these structures are unlikely to reflect more 'normal' times. Moving the last base year on to 2020 would likely lead to some atypical movements in some of our volume series because the industry weights generated for 2020 would not reflect the pattern of the economy in the following periods. In line with international guidance, we will keep the last base year under review and inform users of our plans for Blue Book 2023.

4 . Communication

To keep you informed on all changes to the national accounts, we will adopt a similar approach to that taken in previous Blue Books and Pink Books, publishing a series of more detailed articles in the lead up to publication that highlight the impacts of the main improvements. Methodological articles to support the data changes will be published alongside the articles, where applicable.

5 . Related links

[UK National Accounts, the Blue Book: 2021](#)

Compendium | Released 29 October 2021

National accounts statistics including national and sector accounts, industrial analyses and environmental accounts.

[UK Balance of Payments, the Pink Book: 2021](#)

Bulletin | Released 29 October 2021

Balances between inward and outward transactions, providing a net flow of transactions between UK residents and the rest of the world and reports on how that flow is funded.