

Article

Recent and upcoming changes to public sector finance statistics: June 2022

Information on recent and upcoming changes to our public sector finance statistics.



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1 . Overview

Most methodological changes to the public sector finance (PSF) statistics are prompted by the need for statistics to keep pace with the evolving economy. These changes can alter perceptions of the government's fiscal exposure, as measured by the fiscal aggregates, such as public sector net borrowing (PSNB) or public sector net debt (PSND). This article increases transparency around the methodology work, including classification reviews, that is currently under way.

2 . Upcoming methodological changes in September 2022

In September 2022, we expect to implement some of the larger methodological changes we announced in [our Looking ahead – developments in public sector finance statistics: 2022 article](#). Such larger changes are implemented annually to simplify month-on-month comparison and provide predictability to users.

We expect to publish the indicative impacts of the new methodologies in the July 2022 edition of this article (published in August 2022), before introducing them to our statistics in the following month.

3 . Other items under review

EU payment – customs undervaluation case

In March 2018, the European Commission launched proceedings against the UK government alleging that they had failed to prevent the undervaluation of customs duties on footwear and textile products.

The Court of Justice of the European Union (CJEU) published its judgement on the case in March 2022 and found the UK government liable on most points. However, the CJEU also found that the European Commission had overstated the size of the losses and ordered the Commission to recalculate the figure.

Following the judgement, the UK government is liable for the outstanding customs duties and interest. In June 2022, the UK government made [an interim payment of €678 million to the European Commission](#).

Because the final amount is yet to be agreed, this June tranche is treated as a pre-payment, and this will be reflected in the central government net cash requirement. In public sector finance statistics, pre-payments are not considered a form of expenditure; they are, instead, recorded as financial transactions. For this reason, public sector net borrowing has not been affected by the June 2022 payment. Expenditure, measured on an accrued basis, for the full amount will be recorded at the point when it is calculated and agreed.

Health and Social Care Levy

In September 2021, the UK government announced a 1.25 percentage point increase in National Insurance contributions to support the National Health Service (NHS) and equivalent bodies across the UK. These increases, introduced in April 2022, are currently recorded in the social contributions category. From April 2023, they will be replaced by the Health and Social Care Levy (HSCL), which is also classified as a social contribution. At this point, National Insurance contribution rates will return to their 2021 to 2022 tax year levels. The Office for Budget Responsibility (OBR) expects HSCL receipts to be £18.4 billion in the financial year ending March 2024. Further information about the levy and the National Insurance changes can be found in the [Health and Social Care Levy policy paper](#) on the GOV.UK website.

Energy Profits Levy

On 26 May 2022, the UK government announced a new [levy on the profits of oil and gas companies](#) in the UK and the UK Continental Shelf, intended to help fund more cost of living support. The Office for National Statistics (ONS) will review and classify this new levy in due course.

4 . Related links

[Public sector finances, UK](#)

Bulletin | Released monthly

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

[The calculation of interest payable on government gilts](#)

Methodology | 18 July 2022

Explains the recording of interest payable to holders of UK government gilts in the UK public sector finances.