

Article

Proposed changes to be implemented in Blue Book and Pink Book: 2023

Planned scope and content of the UK National Accounts, the Blue Book and UK Balance of Payments, the Pink Book, 2023, 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 2023 and Pink Book 2023, 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 29 September 2023 and will be consistent with the Blue Book and Pink Book 2023, which are planned to be published on 31 October 2023.

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 \(ESA 2010\)](#) (PDF, 6.56MB), 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 means that gross domestic product (GDP) and gross national income (GNI) in these years must be based on the ESA 2010 framework.

3 . Future developments

This section outlines some of the proposed main methodological improvements to be implemented as part of the continued transformation of the UK National Accounts, in the Blue Book and Pink Book 2023.

Globalisation

Businesses, particularly multi-national enterprises, continue to develop complex supply chains that cross national boundaries. To better understand the impact of global supply chains we have begun to consider complex business models, and record activities including trade in terms of economic rather than legal ownership. This means that, for example in some cases, we will identify the trade of UK-owned businesses that do not cross the UK boundary and similarly foreign-owned businesses that operate in the UK.

The 2023 annual national accounts will integrate revised estimates for a small number of large multi national enterprises, which demonstrate meaningful impacts on trade and the reclassification of business from services to manufacturing. However, the aggregate impact of globalisation will only become evident as this challenging conceptual approach is expanded upon, through planned product and industry reviews and longer-term improvements to data sources.

Public sector finances

The most significant improvement for 2023 will be the implementation of a number of outstanding classification decisions, which impact on the public sector. These include the reclassification of a number of bodies from public corporations into central government as well as the reclassification of certain finance leases following a decision taken by the Economic Statistics Classification Committee when reviewing the impact of International Financial Reporting Standard 16 (IFRS16).

These changes, plus a number of data updates, will improve the alignment between national accounts and public sector finances (who have already implemented them because of differences in revision policy treatments). Further information on these changes can be found in the [Recent and upcoming changes to public sector finance statistics](#) article.

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 the "benchmark" data sources are reviewed and updated at least once every five years and refreshed in most annual updates to the UK National Accounts.

In Blue Book 2023, we plan to deliver benchmark data changes, which will impact:

- household final consumption expenditure estimates
- household income
- gross operating surplus
- trade
- general government
- non-profit institutions serving households
- non-monetary financial institutions
- monetary financial institutions
- gross fixed capital formation

Updating the base year

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 were held in 2019 for a second consecutive year to avoid the COVID-affected 2020 economy structure having an impact on subsequent periods.

We are currently reviewing whether it is appropriate to move the reference and last base year on by two years to 2021 in Blue Book 2023, but this is dependent on the gross value added (GVA) weight industry pattern in 2021 being representative of 2022 and into 2023. We will update users on our decision in the upcoming impact article in June 2023.

Deflator strategy

The [Deflator strategy](#) published in 2022 set out an updated plan for [deflator improvements in the national accounts](#). Blue Book 2023 will include the next set of improved deflators that better measure inflation for goods and services.

The Blue Book 2023 improvements include wider use of Service Producer Price Indices (SPPIs) as service deflators, an improved method for calculating market output deflators for goods, a method for capturing quality change in computer hardware and a new method for deflating travel data in trade in services.

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 exports of education-related travel services, non-UK government personnel spending within the UK, and the transportation of passengers by rail services. In addition, deflator improvements are being introduced to improve our chained volume measure (CVM) estimates.

Ongoing assessment of the [impact of data collection changes on trade statistics](#) is being conducted during 2023 to identify any discontinuities, and, where warranted, to adjust our figures to ensure continued high quality estimates of these important statistics.

Non-profit institutions serving households (NPISH)

Measurement of the NPISH sector includes activities of charities and higher education providers. Improvements will be made to the allocation of charities to industrial sectors via an improved and updated mapper. We will also review the measurement of the higher education sector to reclassify some activity to the private non-financial corporations sector.

Adult social care

Improvements to the measurement of volume output for non-market adult social care (ASC) will be included in Blue Book 2023. These improvements include the incorporation of new activity and expenditure data from NHS Digital, which replace existing forecasts for non-market ASC output in England.

Improvements to non-market ASC output also include an expansion of the coverage of services included in the measure in England, and an extension of the measure to include ASC services funded by the NHS alongside those funded by local authorities. Improvements have also been made to the coverage of ASC services delivered in the devolved administrations.

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: 2022](#)

Compendium | Released 31 October 2022

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

[UK Balance of Payments, the Pink Book: 2022](#)

Bulletin | Released 31 October 2022

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.

6 . Cite this article

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