

# Public Sector Finances Revisions Policy and Practice

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## 1 Background

The Office for National Statistics publishes two statistical bulletins whose focus is the UK public sector finances.

The [monthly Public Sector Finances bulletin](#) aims to inform its users of the state of the public sector finances and fiscal position and is published jointly by the Office for National Statistics (ONS) and HM Treasury.

The [quarterly EU Government Deficit and Debt Return \(under the Maastricht Treaty\) statistical bulletin](#) and its associated data sets, provide data transmitted to the European Commission to enable it to monitor the United Kingdom's (UK) performance against the Excessive Deficit Procedure (EDP) as defined in Maastricht Treaty and the Stability and Growth Pact.

Both publications are based on the National Accounts framework and are compiled in accordance with the standards set out in the European System of Accounts 2010 (ESA2010) under European law.

## 2 Scope of revisions policy and practices

This document covers the revisions policies and practices applied in the compilation of the UK non-financial and financial public sector accounts that are the basis of both the monthly Public Sector Finances statistical bulletin and the EU Government Deficit and Debt Return statistical bulletin. The revisions policy applies to all data series in these two bulletins as well as their associated datasets.

This paper is designed to give users a clear understanding of which periods are open for revision at each data release and explains how revisions processes are managed to ensure as much coherency as possible between monthly and quarterly releases.

ONS defines 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.

### 3 Revisions policies

#### 3.1 Public Sector Finances (PSF) statistical bulletin : revisions policy

The PSF statistical bulletin provides important information on the UK government financial position. It enables government, the media, 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. The UK's PSF statistical bulletin is published monthly and includes monthly, quarterly and annual time series.

To ensure that the latest data are used for fiscal policy at all times **the data published in the PSF are open for comprehensive revision every month for all time periods.**

In general, the latest available monthly data are published in the PSF. However, each quarter the revisions policy applied to the PSF data is slightly different in scope so as to ensure coherence between the PSF statistical bulletin, the EU Government Deficit and Debt return and the Quarterly National Accounts published in the same month. The monthly statistical bulletins to which the modified revisions policy applies are:

- the February PSF bulletin published in March
- the May PSF bulletin published in June
- the August PSF bulletin published in September
- the November PSF bulletin published in December

At these four points in the year, the latest monthly data are used in reporting the year-to-date totals but the quarterly data are aligned to the data reported in the EU Government Deficit and Debt return to take advantage of the more detailed quarterly data returns. The impact of aligning to the quarterly data while using the latest monthly data to inform the year-to-date total is that the monthly path of revisions may not reflect the latest data.

More information on the process of constraining each quarter can be found in section 4 of this revisions policy and a summary of the revisions policy applied to each month's PSF publication can be found in Annex A.

#### 3.2 EU Government Deficit and Debt Return statistical bulletin : revisions policy

The EU Government Deficit and Debt statistical bulletin is published quarterly in January, April, July and October each year, to coincide with when the UK and other European Union (EU) Member States are required to report on their deficit (or net borrowing) and debt to the European Commission. The EU Government Deficit and Debt statistical bulletin and related datasets include quarterly and annual time series.

To ensure that the latest data are provided to the European Commission **the data published in the EU Government Deficit and Debt Return are open for comprehensive revision every quarter for all time periods.**

Although monthly data are collected for the compilation of the PSF bulletin these monthly data sources do not meet all the data requirements of the quarterly returns to the European Commission. For this reason much of the data used in the EU Government Deficit and Debt Return bulletin is based on quarterly data which are supplied to ONS one to two months prior to the publication of the bulletin.

The source data, and methodology used in compiling the EU Government Deficit and Debt Return bulletin (for the time period 1997 onwards), are the same as those published in the corresponding month's statistical bulletin, with all time periods open to revisions and the same revisions policy applied. This means, for example, that data published in April are fully consistent with the PSF publication released in March and data published in October are fully consistent with the PSF publication of September.

A summary of the revisions policy applied to each quarter's EU Government Deficit and Debt Return publication can be found in Annex A.

### **3.3 Quarterly National Accounts (QNA) : revisions policy**

**The separate ONS National Accounts Revisions Policy covers all published data series appearing in the quarterly and annual National Accounts outputs.** The National Accounts include a full set of accounts for General Government, and its sub-sectors, and these are compiled from the same data as the PSF bulletin and the EU Government Deficit and Debt Return but following the more restrictive National Accounts revisions policy.

In a typical quarter the QNA are only open for revision for recent quarters. Exactly how many quarters are open for revision will vary but there will not usually be more than six quarters open for revision. The exception to this is in the quarter when the Quarterly National Accounts consist with the Annual National Accounts are published (usually June or September) when there will be a much longer period open for revisions (although the exact length of this revision will vary from year to year). Due to the longer revision period alignment between the PSF and National Accounts publications tends to be closer during the quarters when the Annual National Accounts are published.

## **4 Implementation of methodology changes in the public sector accounts**

The diagram in the Annex B illustrates a simplified schematic of the data flows in the quarterly compilation of public sector accounts.

As explained in Section 3.2 the revisions policies for the PSF and the EU Government Deficit and Debt bulletins are the same, which ensures that each quarter the estimates of Government deficit and debt published in the two outputs are fully consistent (back to 1997). While the data sources that underpin the estimates in these two bulletins and National Accounts are consistent, differing revisions policies mean that the timing of implementation of classification decisions, and other methodological changes, do vary and result in differing estimates of Government deficit and debt between National Accounts and PSF.

Each quarter the National Accounts are aligned as far as possible with the PSF published data. However, differences remain and these differences are a result of:

- the more restrictive National Accounts revisions policy which limits the data period open for revisions;
- the shorter production process for the PSF bulletin, which allows more timely data to be incorporated;
- the additional work required to implement methodological changes in National Accounts (due to the counterpart sector and volume measure requirements) which can limit what can be incorporated in a particular QNA.

For example, in September 2014, the PSF (and EU Government Deficit and Debt) outputs were able to take on the methodological changes associated with the reclassification of Network Rail from the private to public sector and the reclassification of 3G/4G mobile phone spectra as rent rather than sale of a non-produced asset. By contrast, these methodological changes will not be reflected in National Accounts until the QNA associated with the Blue Book 2015, due to be published at the end of September 2015.

## **5 Quarterly process of constraining quarterly data in the PSF and EU Government Deficit and Debt outputs**

As mentioned in section 3.1, each quarter PSF data are aligned to the data reported in the EU Government Deficit and Debt return to take advantage of the more detailed quarterly data underpinning the latter publication.

In order to ensure this coherence between the EU Government Deficit and Debt Return output and the PSF statistical bulletin the quarterly compilation approach taken in the PSF bulletin is to:

1. align the PSF data with the data in the EU Government Deficit and Debt output for all published quarters (for example, the PSF published in December will include data that are aligned up until the end of Q3, i.e. September);

2. use the latest PSF data sources for the estimates for the month immediately prior to publication (for example, the PSF published in December will include the latest available data for November);
3. calculate estimates for the penultimate month 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, the PSF published in December will derive October figures from the financial year-to-date total less the sum of the estimates for Q2, Q3 and November).

A worked example of the above process can be found in Annex C. The impact of aligning to the quarterly data while using the latest monthly data to inform the year-to-date total is that the monthly path of revisions may not reflect the latest data. The degree to which this is true depends on the size of revisions between the data sourced for the EU Government Deficit and Debt returns and the following month's PSF data.

The constraining approach described here is only applied to some of the accrued expenditure data series used to derive net borrowing published in the PSF statistical bulletin. Accrued revenue data are not subject to the same constraining as the latest detailed data are available for use in compiling the EU Government Deficit and Debt return. While there is no need to constrain cash data used to compile the net cash requirement as the EU Government Deficit and Debt return only reports on an accrued basis. Stocks data are also not constrained as the latest stocks data for recent months can be used without any need to constrain to year-to-date totals.

## **6 Contact details**

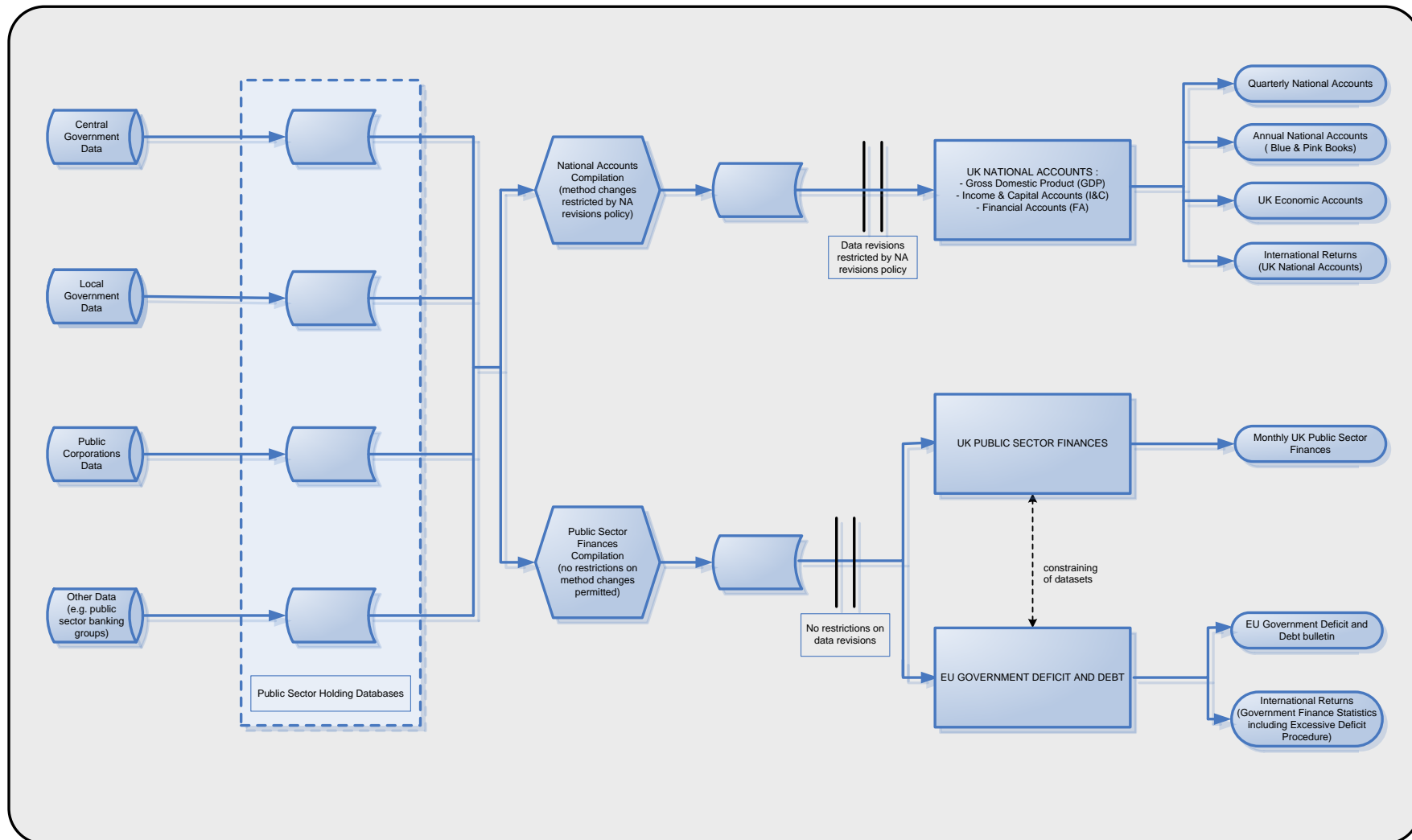
As part of our continuous engagement strategy, we welcome feedback on this article. Please email: [psa@ons.gsi.gov.uk](mailto:psa@ons.gsi.gov.uk)



**Annex A: Summary of Revisions Policy by publication**

<b>Month of Publication</b>	<b>Publication Title</b>	<b>Revisions Policy</b>
January	Public Sector Finances, December & EU Government Deficit and Debt Return, January	open for comprehensive revision to all time periods using latest data available
February	Public Sector Finances, January	open for comprehensive revision to all time periods using latest data available
March	Public Sector Finances, February	quarterly data for current financial year are aligned to EU Government Deficit and Debt Return published in April, with monthly data constrained to latest financial year-to-date totals
April	Public Sector Finances, March & EU Government Deficit and Debt Return, April	open for comprehensive revision to all time periods using latest data available
May	Public Sector Finances, April	open for comprehensive revision to all time periods using latest data available
June	Public Sector Finances, May	quarterly data for current financial year are aligned to EU Government Deficit and Debt Return published in July, with monthly data constrained to latest financial year-to-date totals
July	Public Sector Finances, June & EU Government Deficit and Debt Return, July	open for comprehensive revision to all time periods using latest data available
August	Public Sector Finances, July	open for comprehensive revision to all time periods using latest data available
September	Public Sector Finances, August	quarterly data for current financial year are aligned to EU Government Deficit and Debt Return published in October, with monthly data constrained to latest financial year-to-date totals
October	Public Sector Finances, September & EU Government Deficit and Debt Return, October	open for comprehensive revision to all time periods using latest data available
November	Public Sector Finances, October	open for comprehensive revision to all time periods using latest data available
December	Public Sector Finances, November	quarterly data for current financial year are aligned to EU Government Deficit and Debt Return published in January, with monthly data constrained to latest financial year-to-date totals

**Annex B: Schematic of compilation process for quarterly public sector accounts**





## Annex C : Constraining worked example

This example considers how Local Government Net Borrowing (LGNB) might be constrained in a PSF bulletin published in September.

A PSF bulletin published in September includes data up until August using data received in September; while the EU Government Deficit and Debt Return bulletin published in October is based on data transmitted to the European Commission at the end of September, largely using data received in August. In order to ensure coherence between the two publications the data in the PSF bulletin is aligned up to the second quarter of the calendar year (Q2) and then the estimates for the latest months are constrained to the latest financial year-to-date totals.

LGNB used in the EU Government Deficit and Debt Return bulletin published in October (based largely on data received in August)

	April	May	June	Q2
LGNB	-£3.1bn	-£1.2bn	+£1.3bn	-£3.0bn

LGNB calculated for use in PSF but not published (based largely on data received in September)

	April	May	June	July	August	year-to-date
LGNB	-£3.3bn	-£1.3bn	+£1.1bn	+£1.0bn	+£1.5bn	-£1.0bn

LGNB published in the PSF bulletin released in September (after constraining has been applied)

	April	May	June	July	August	year-to-date
LGNB	-£3.1bn	-£1.2bn	+£1.3bn	+£0.5bn	+£1.5bn	-£1.0bn
	as used in QNA	as used in QNA	as used in QNA	Equals -£1.0bn less -£3.0bn less +£1.5bn	As calculated for use in PSF	as calculated for use in PSF

The LGNB published in the PSF bulletin in the following month (i.e. October) will reflect the latest data (based largely on data received in October) without any constraining.