

National Accounts Revisions Policy

Updated on 23rd September 2015

Scope of Revisions Policy

1. The National Accounts revisions policy covers all published quarterly and annual series within the National Accounts. This includes all the series that appear in the following statistical bulletins; Preliminary GDP; Second estimate of GDP; Quarterly National Accounts; Balance of Payments; associated statistical bulletins such as Business Investment, UK Trade, Index of Production, Index of Services, Output in the Construction industry; and the core National Accounts publications; UK National Accounts - The Blue Book, UK Balance of Payments - The Pink Book, UK Economic Accounts, Consumer Trends.

The Public Sector Finances statistical bulletin, although using national accounts concepts, has adopted a different revisions policy:

<http://www.ons.gov.uk/ons/guide-method/revisions/revisions-policies-by-theme/economy/public-sector-accounts-revisions-policy.pdf>

2. The National Accounts represent a wide array of data on areas as diverse as production, trade, earnings, spending, investment in fixed and financial assets and balance sheets. The nature of the integrated National Accounts is that all the activity is linked, so a change in one area will have an impact elsewhere and consequently making revisions to one part of the National Accounts may lead to revisions through the system. The main strength of the system is that it allows analysis of the various economic indicators both in isolation and in conjunction with others. The strength of the integrated National Accounts system however may mean less flexibility for taking on revisions at any point in time. The National Accounts revisions policy is designed to give users a clear understanding of which periods are open for revision at each data release and why incorporating revisions from a single source is not a simple matter.

Annual reassessment

3. One of the key principles for compiling UK National Accounts is that the best and most comprehensive data are from our main annual data sources. The most significant of these are the ONS Annual Business Survey (ABS) and Her Majesty's Revenue and Customs (HMRC) earnings estimates. These sources provide the core inputs to estimating the level of gross domestic product (GDP) through the supply and use framework. This framework provides the basis for confronting a wide range of source data and for balancing the three different approaches to compiling GDP, as well as many of the key components of the sector accounts. These key annual estimates tend to be incorporated into the National Accounts around eighteen months after the year they relate to. For instance, results from the 2012 ABS were included in the 2014 Blue Book. Estimates for later periods are taken forward from this point using a wide range of shorter term sources.

4. Once the figures from these major sources have been incorporated there should be no need to revisit the period covered by them during subsequent quarterly rounds. Usually the data from the major sources will be revisited when the next set of annual results are available, in order to incorporate any late returns from the previous year and to ensure consistency between consecutive years. After the second supply and use balance for any given year most of the data will be close to final and only exceptional changes that lead to significant revisions will be considered in subsequent periods.

5. Other changes due to methodology, concepts or classifications can lead to revisions after the source data have been finalised. In recent years there have been a number of significant changes to the National Accounts which have resulted in major revisions outside the usual window for revisions. For instance, in 1998 the ONS introduced the European System of Accounts 1995 (ESA_95); in 2001 the National Accounts incorporated the results from the new Annual Business Inquiry (former name of the ABS) as well as significant improvements to the Business Register which underpins ONS surveys; in 2003 annual chain-linking was introduced alongside significant improvements to price deflators for gross fixed capital formation and imports of goods. In 2011, the ONS introduced a new industrial classification, the Standard Industrial Classification 2007 (SIC07), to the National Accounts. In 2014, ONS moved from ESA 1995 to the European System of Accounts 2010 (ESA_2010). Clearly it is impossible to introduce major developments and improvements in the National Accounts without

making revisions.

6. One of the consequences of moving to annual chain-linking is that volume series expressed in currency terms are revised each year as the reference year to which they refer is moved forward by one year. For instance, in the 2014 Blue Book chained volume measures were re-referenced to 2011 from 2010 in the previous Blue Book, although growth rates will remain unchanged if current price data remain unrevised for periods before 2011.

7. The table below summarises the revisions policy for the next annual reassessment of data.

Year	Current price Data	Chained Volume Measure Data
Latest full year (2014 in BB2015)	Take on latest data from short-term sources.	Take on updates to current prices and deflators. Update reference year to 2012.
First results from main inquiries (2013 in BB2015)	Take on first results from ABS & HM Revenue & Customs data.	Take on updates to current prices and deflators. Update reference year to 2012.
Updated results from main inquiries (2011 and 2012 in BB2015)	Take on later results from annual inquiries and ensure adjacent years are consistent.	Take on updates to current prices and deflators. Update reference year to 2012.
Early years (2010 and earlier in BB2015)	Only exceptional changes to data or significant changes to methodology or classifications taken on for these periods (see link below).	Take on updates to current prices and deflators caused by methodology changes and classification changes. Update reference year to 2012.

For information on the types of revisions being implemented for Blue Book and Pink Book 2015 please see the following article:

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/articles/2011-present/latest-developments-to-national-accounts-and-balance-of-payments.html>

Quarterly data

8. Quarterly data are treated in a similar way to the periods demonstrated above. Periods covered by the main annual sources are not reopened until the next annual reassessment apart from in exceptional circumstances. For instance, after Blue Book 2015, the period up to and including quarter 4 in 2013 will not be reassessed until Blue Book 2016.

9. For periods from quarter 1 2014 to the latest period, the quarterly process of updating the National Accounts is based on a monthly cycle affecting particularly GDP estimates. This cycle is linked notably to the production of the monthly estimates of production and retail sales and to the release of trade statistics. During each quarter, National Accounts estimates are published as follows in the weeks after the end of the quarter:

- Around 4 weeks: a preliminary estimate of the growth in GDP from the previous quarter
- Around 8 weeks: an updated estimate of GDP with an output, expenditure and income breakdown
- Around 12-13 weeks: full Quarterly National Accounts, including a further update of GDP, balance of payments and sector accounts.

10. Generally quarters earlier than the current quarter are only revised during the third of these releases. The focus of the earlier releases is to provide the best estimate of quarterly growth in the most recent period. However, an exception is made in February where the first estimate of the latest full calendar year becomes available and it is helpful to ensure that seasonally adjusted data are in line with the unadjusted data across the whole year. At the third release of each quarter it is possible

to provide a complete set of accounts for the quarter and to take account of revisions to the component items for earlier quarters.

11. The table below summarises how revisions are planned to be taken on over the monthly cycle for the nine months commencing with the first estimate of GDP for quarter 1 2015:

Month of publication	First Period being revised	Comments
April 2015	Q1 2015	Preliminary estimate of Q1 2015
May 2015	Q1 2015	2 nd estimate of Q1 2015
June 2015	Q1 2014	Quarterly National Accounts estimate Q1 2015 with revisions to all of 2014 possible.
July 2015	Q2 2015	Preliminary estimate of Q2 2015
August 2015	Q2 2015	Output only update to Q2 2015
September 2015	Fully open to revisions	Blue Book 2015, revisions possible throughout time series
October 2015	Q3 2015	Preliminary estimate of Q3 2015
November 2015	Q3 2015	2 nd estimate of Q3 2015
December 2015	Q1 2014	Quarterly National Accounts estimate Q3 2015 with revisions back to Q1 2014 possible.

13. Statistical bulletins for the monthly indicators such as Index of Production, Index of Services, Index of Construction and UK Trade follow the same monthly rules as the National Accounts revisions policy.

Notification of revisions

14. The scope of the revisions to be made are regularly announced in advance of the annual reassessment of data. These announcements are made in the form of articles on the ONS website which describe the nature of any revisions that are planned outside the regular process. All articles, including a GDP revisions article published on 28 January 2014, can be found on the follow page:

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/index.html>

15. Exceptional causes of revisions such as changes to the industrial classification or international accounting standards will be accompanied by a dedicated communication plan, which might consist of a series of articles and seminars on concepts, methodology and probable effects. This was relevant in Blue Book 2014 when ESA 2010 was implemented across all of Europe.

16. In statistical bulletins revisions to the main series are published in a table, or tables and the background notes contain tables which provide information to enable users to put these revisions into an historical context. Revisions triangles supporting this information are also provided on the National Statistics website, to allow users to analyse past revisions for themselves:

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/gdp-revisions-triangles-and-real-time-database/index.html>

Further revisions information

17. Further information on other ONS revisions policies and revisions analysis can be found on the ONS website:

<http://www.ons.gov.uk/ons/guide-method/revisions/revisions-policies-by-theme/economy/index.html>