

Background for users of Public Sector Finance Statistics

21 July 2015

1 Background

The monthly Public Sector Finances (PSF) statistical 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.

PSF is compiled on the National Accounts framework and in accordance with the standards set out in the European System of Accounts 2010 (ESA2010) under European law.

2 Aim of article

This article aims to provide background to the Public Sector Finances statistical bulletin.

3 The monthly public sector finances bulletin

The public sector finances statistical bulletin provides important information on the UK government financial position. It enables government, the public, economists and financial analysts to monitor public sector expenditure, revenue, 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.

A number of the key figures in the Public Sector Finances bulletin are used nationally by the Government to monitor progress against fiscal targets. The statistics in the bulletin present the latest figures for what the UK public sector has raised in revenue, spent and invested.

The PSF statistical bulletin aims to provide the latest available estimates for key public sector finance statistics, including;

- public sector net borrowing
- public sector current budget deficit
- public sector net debt
- public sector net debt as a percentage of GDP
- central government net cash requirement

4 Key Measures

The headline statistic is for Public Sector Net Borrowing (excluding public sector banks) which is a measure of the amount of money the Government (along with public corporations and the Bank of England) has had to borrow, during a particular period, in

order to bridge the gap between expenditure and revenue. The statistical measure is on an accruals basis, which means that the expenditure and revenue are recorded on the basis of when the underlying economic transaction takes place and not when the cash payments are made.

The other key statistics are Public Sector Current Budget Deficit, Public Sector Net Debt and Central Government Net Cash Requirement.

The Current Budget Deficit is a measure of the amount by which current receipts (mainly composed of taxes and national insurance contributions) are greater than current expenditure (mainly composed of departmental expenses, pension and other social benefit payments and debt interest payments). The Current Budget Deficit differs from Net Borrowing in that it excludes payments and receipts related to capital/investment projects.

Public Sector Net Debt is a measure of how much the UK public sector owes (to UK private sector organisations or overseas institutions) at a point in time. When the Government borrows money or in some other way increases its financial liabilities then it adds to its debt.

Central Government Net Cash Requirement is a cash measure of the amount that Government has had to borrow, during a particular period, in order to bridge the gap between expenditure and receipts. It differs from Net Borrowing in being a cash measure rather than accrued measure. It is important as it is the Central Government Net Cash Requirement which drives the Government's financing plans (mainly with respect to how many gilts and treasury bills to issue).

5 Comparability with other organisations

The statistical measures are all defined according to concepts set out in European and International statistical accounting frameworks. The HM Treasury use the same measures to monitor and set fiscal policy, while the OBR use them to forecast and evaluate the public finances.

This standardisation in data definitions enables much of the outturn data in this bulletin to be compared directly with corresponding figures in OBR forecasts. When making comparisons with OBR forecasts, or interpreting the data for other uses, allowance should be made for the fact that the outturn estimates for recent periods are provisional and may be subject to sizeable revisions in later months.

More information on revisions and their magnitude can be found in the Revisions section of the PSF statistical bulletin.

Throughout the bulletin comparisons are made of the latest data with that of the same period of the previous year. The reason for this is that many of the expenditure and revenue items within the public sector finances have a "seasonal" pattern to them.

For instance tax receipts are typically at their highest in January due to higher receipts than normal in this month from income tax self assessment and quarterly corporation

tax. Similarly expenditure on social benefits is typically highest in December due to expenditure in this month for the winter fuel allowance.

All monetary values in the bulletin are in terms of “current prices”, that is, they represent the price in the period to which the expenditure or revenue relates and are not adjusted for inflation.

6 Contact details

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