Country and regional public sector finances: methodology guide

A guide to the methodologies used to produce the experimental country and regional public sector finances statistics.

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1 . Introduction

Statistics on public finances, such as public sector revenue, expenditure and debt, are used by the government, media and wider user community to monitor progress against fiscal targets. Demand for public finance statistics at the country and regional level (sub-UK) has been growing as a result of the increasing emphasis on devolution. In response to a user consultation, Office for National Statistics (ONS) has produced experimental public sector revenue and expenditure statistics for each country and region of the UK, to complement the existing suite of statistics available to users.

ONS has worked with other producers of similar statistics to develop the country and regional public sector finances, as such, the methods in this publication are the same or very similar to those used in existing publications such as Her Majesty's Revenue and Customs' (HMRC's) Disaggregation of Tax Receipts publication and Scottish Government's Government Expenditure and Revenue Scotland (GERS) publication.

This methodology guide is intended to provide you with information on the methods and data sources used to compile the Experimental Statistics in the Country and regional public sector finances bulletin as well as some background on the public sector and public finance statistics in the context of devolution.

2 . Experimental Statistics

Experimental Statistics are statistics that are within their development phase and are published to involve potential users at an early stage in building a high-quality set of statistics that meet user needs.

This is the fourth time that we have published country and regional statistics on public sector revenue and expenditure. Since the first publication in May 2017, we have developed the statistics further, such as improving the methodology for allocating certain taxes, improving quality information available for users, as well as improving our processes for producing these statistics. Continuing to describe these statistics as Experimental Statistics highlights to users that we are still working on further developing the methodologies used in producing these statistics. It should be emphasised that an Experimental Statistics label does not mean that the statistics are of low quality, it only signifies that the statistics are novel and still being developed.

3 . Public sector and public sector finances statistics

The public sector comprises central government, local government and public corporations. The remit of each subsector varies; the responsibility of central government bodies tends to extend over the whole country while local government bodies only serve local areas. Public corporations are publicly-controlled companies and include both non-financial and financial corporations. Unlike central or local government bodies, the area a public corporation serves may or may not be limited to a particular area.

Such administrative arrangements are important to consider when using statistics such as country and regional public sector finances. For example, expenditure by central government bodies is generally not planned on a regional basis and while local government spending is specific to a particular area, this expenditure may make up a small proportion of the total expenditure incurred by the public sector for the benefit of the residents or corporations of that particular area.

Similarly, taxes are not generally levied or collected on a regional basis, and it can, therefore, be difficult to identify to which country or region tax receipts should be allocated. This is particularly so with indirect taxes, which are paid to government by corporations. Economic theory suggests that the incidence or burden of these taxes will sometimes fall principally on consumers, but in other cases on producers, depending on market conditions. For pragmatic reasons we base our apportionment methods on the assumption that the burden of indirect taxes falls principally on consumers, and that they effectively pay the relevant taxes.

The UK Public sector finances publication presents main aggregates such as total current receipts, total current expenditure, current budget deficit, net investment, public sector net borrowing, public sector net debt and public sector net cash requirement. These main aggregates are used to monitor and manage fiscal policy.

Further details of each of these aggregates can be found in the Public sector finances Methodology Guide. The country and regional public sector finances are based on the underlying data and concepts used in the UK public sector finances, and as such, are consistent with UK level administrative data and national accounts concepts. However, users of the country and regional public sector finances should note the following important distinctions between the UK public sector finances and the country and regional finances:

- the main aggregates in the country and regional public sector finances will be total current revenue, total current and capital expenditure, and net fiscal balance
- while net fiscal balance is the gap between total current revenue and total expenditure, this should not be interpreted as the "net borrowing" of a country or region; regions in England do not, with the exception of the Greater London Authority, have borrowing powers (discussed later) and the net fiscal balance is not reflective of the limited borrowing powers of the devolved administrations
- the country and regional public sector finances does not present debt or any other financial account data on a country or regional basis due to the complexities of allocating financial account flows and stocks to regions as well as the limited applicability of such statistics
- the country and regional public sector finances are not used in the management or monitoring of fiscal policy and are produced purely to support the growing demand for statistics at sub-UK level

4 . Devolution

Under the current constitutional arrangements, most aspects of fiscal policy are controlled by the UK government. However, more recently certain fiscal powers have been delegated to the devolved administrations and in England, responsibility for certain categories of public expenditure have been devolved via agreements with combined authorities.

Devolution of taxes

The Scotland Act 2012 gave the Scottish Parliament the power to set a rate of Income Tax to be administered by HM Revenue and Customs (HMRC) for Scottish taxpayers, which came into effect from April 2016 (but from April 2017 has been superseded by Scotland Act 2016). The rates and thresholds of non-savings and non-dividend Income Tax began in April 2017. In addition to this, the Act fully devolved the power to raise taxes on land transactions and waste disposal to landfill. Both taxes came into effect in April 2015 and are known as Land and Buildings Transactions Tax (LBTT) and Scottish Landfill Tax. The first 10 percentage points of the standard rate of Value Added Tax (VAT) and the first 2.5 percentage points of the reduced rate of VAT will be assigned to the Scottish Government's budget in the future. Air Passenger Duty and Aggregates Levy will also be devolved, for which dates are yet to be decided.

The Wales Act 2014 devolved the powers to raise taxes on land transactions and waste disposal to landfill, which came into effect from April 2018. These will be known as Land Transaction Tax and Landfill Disposals Tax. Together with the Wales Act 2017, the Welsh Government was also given the power to set Welsh rates of Income Tax, which was introduced in April 2019. The devolution of Aggregates Levy is also being considered.

In Northern Ireland, Air Passenger Duty on long-haul flights originating from Northern Ireland has been devolved since January 2013, although the rate is currently set to zero. It should be noted that regional and district rates (domestic and non-domestic) are already devolved.

Devolution of welfare powers

The first portion of welfare powers were implemented on 5 September 2016, including the power to create new benefits in devolved areas and to top up reserved benefits. Further powers will include the full devolution of discretionary housing payments from FYE 2018, and carers and disability benefits (date to be decided).

Greater resource and capital borrowing powers

The [Scotland Act 2016] also provided the Scottish Parliament with the power to borrow up to an additional 10% of its capital budget and resource borrowing powers of up to £200 million a year to manage shortfalls in revenue from devolved taxes.

Alongside this, the Scottish Government's new fiscal framework was agreed, which updated the block grant funding arrangements to take into account the Scottish Government's new tax and welfare powers. Further details of these and planned devolution in Scotland can be found in the agreed [fiscal framework]. It should be noted that non-domestic rates and Council Tax are already devolved.

The [Wales Act 2017] also provided the Welsh Assembly with capital borrowing powers and enhanced resource borrowing powers. In January 2017, the Welsh Government's new [fiscal framework] was agreed, which primarily updates the block grant funding arrangements alongside the implementation of these new tax powers.

Further details of these and planned devolution in Wales can be found in the agreed fiscal framework. It should be noted that non-domestic rates and Council Tax are already devolved.

In England, combined authorities do not have any powers to raise taxes or borrow, although it is envisaged that they will be granted limited powers to borrow within caps agreed with HM Treasury. The Greater London Authority has borrowing powers with limits set by the Mayor in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code.

5 . Country and regional public sector finances apportionment methods

Overview

As discussed earlier in this guide, the administrative arrangements around expenditure and raising revenue mean alternative methods are required to estimate public sector expenditure and revenue at the country and regional level.

The estimates are based on two main conceptual bases: the “who pays” and “who benefits” concepts. The “who pays” principle is based on identifying the location where the revenue is raised, that is, the location of the individual or enterprise that bears the tax burden. As noted previously, we base our apportionment of indirect taxes, such as Value Added Tax (VAT), on the assumption that consumers bear the burden of indirect taxes. For direct taxes, such as Income Tax, we allocate receipts according to the residential address of the individual who pays the tax. This residence-based approach contrasts with a workplace-based approach, which would assign revenues from NICs and Income Tax on earnings to the individual’s place of work.

For the “who benefits” principle, there are two approaches to consider:

- expenditure “for” a region: where spending is allocated to a given region if the benefit of the service or transfer derived from the expenditure can be shown to accrue to residents and enterprises of that region

- expenditure “in” a region: where spending is allocated to the region in which the expenditure actually took place

Instances where the “in” and “for” approaches would provide the same result include the case of local government expenditure on local amenities or NHS spending; these occur in a region for the benefit of residents or enterprises in that region. Instances where the “in” and “for” approach would provide different results includes expenditure on a national museum. The “in” approach would estimate expenditure based on the location of the museum, whereas the “for” approach would estimate expenditure based on the residence of those who visited the museum, that is, the beneficiaries of the service provided.

The general approach for apportioning revenue data to regions is to use an “indicator” dataset, this data source is chosen to reflect the “who pays” concept. The proportions for each country and region are calculated based on this indicator dataset and then applied to the UK total, which is obtained from the UK public sector finances.

The main data source for expenditure is HM Treasury’s Country and regional analysis (CRA), which provides public sector country and regional expenditure data based on the “who benefits” concept. These data are adjusted and constrained to ensure consistency with the UK public sector finances.

Comparisons with existing publications

The underlying data and concepts used in the country and regional public sector finances are consistent with those in the UK public sector finances. Therefore, the country and regional public sector finances are also compliant with guidance in the European System of Accounts 2010: ESA 2010. This is important to consider when comparing statistics in the country and regional public sector finances to other sub-UK public finance publications, most notably, HM Revenue and Customs’ (HMRC’s) Disaggregation of Tax Receipts (DoTR).

ESA 2010 guidance states that all transactions recorded in the national accounts should be on an accrued basis, that is, allocated to the period in which the underlying economic activity took place. This timing is generally easy to identify with expenditure as this is managed by government departments, however, this timing can be more difficult to identify with tax revenue. As such, in the UK public sector finances, accrued tax revenue is estimated using time-adjusted cash data from HMRC’s administrative systems. Often, this time-adjustment attempts to account for the payment schedules in place and the timing of cash receipts.

HMRC’s DoTR publication is based only on the timing of receipts, and not “time-adjusted cash” as in the UK and country and regional public sector finances statistics. Therefore, even where methods used are the same, resulting country estimates will be different for this reason. In some instances, cash receipts are used as a proxy for accrued data and therefore no time-adjustment takes place. In those instances, you will notice that the data in the two publications are generally the same. Where this is the case, these are detailed within this guidance.

Government Expenditure and Revenue Scotland (GERS) uses the UK public sector finances as its underlying data source. Therefore, the GERS is also based on accrued revenue and expenditure estimates.

Although we have made every effort to harmonise our methods with those used in the existing publications, in some cases this has not been possible either due to the limited availability of data at the NUTS1 level or due to time constraints. Where this is the case, these are detailed within this guidance. However, some very minor differences in the estimated proportions result from the treatment of missing or historical data, conversion from calendar to financial years, as well as rounding. It should be noted that resulting differences in revenue estimates are not material.

We have previously drawn comparisons with the Northern Ireland Net Fiscal Balance Report produced by the Department of Finance (Northern Ireland). However, this report is no longer published and, as such, comparisons between the two publications are no longer made in this methodology guide.

6 . Income Tax

Background

Income Tax is paid by individuals on earnings from employment, profits made from self-employment, certain state benefits, most pensions, rental income, job benefits, savings, dividends, and income from a trust. Income Tax is due only on income earned above the personal allowance threshold. The amount of Income Tax paid by a given individual rises with their total income. Information on the current allowances and rates (bands) is available.

In Scotland, the Scottish rate of Income Tax was introduced in April 2016 and the Welsh rate of Income Tax was introduced in April 2019. The Scottish and Welsh rates of Income Tax are only applicable to non-savings and non-dividends income. Scottish and Welsh residents will continue to pay UK Income Tax on savings and dividends income.

Data

Personal incomes statistics based on the Survey of Personal Incomes (SPI) and modelled using Income Tax liabilities statistics (ITLS) methodology are all published by HM Revenue and Customs (HMRC). The survey is based on information held by HMRC on individuals who could be liable for UK Income Tax. Samples of individuals' taxable incomes are drawn from HMRC's Pay As You Earn (PAYE), self-assessment and claims administrative systems. Based on the residential postcode of sampled individuals, total tax liabilities aggregates are published for NUTS1 regions.

Scottish Income Tax Outturn Statistics, published by HMRC, are based on tax records of individuals liable for Scottish Income Tax in HMRC's PAYE and self-assessment administrative systems.

Methodology

UK Income Tax revenues from our public sector finances (PSF) statistics were apportioned to regions based on the total estimated Income Tax liabilities of residents in each region. This apportionment is based on where a taxpayer resides (residential basis) rather than where the income is generated (workplace basis). Taxpayers without a UK postcode (for example, some members of the Forces and Merchant Navy) were not included in this analysis.

For Scotland, from 2016 to 2017 onwards, the share of UK Income Tax was obtained from HMRC's Scottish Income Tax Outturn Statistics.

Comparison with HMRC's DoTR and GERS

Our methodology is consistent with HMRC's Disaggregation of Tax Receipts (DoTR) and Scottish Government's Government Expenditure and Revenue Scotland (GERS) publication. As mentioned in the introductory section of this guide, self-assessment income tax in the Office for National Statistics' (ONS') PSF is on an accrued basis and therefore UK revenues for this tax will differ from estimates published by HMRC.

7 . National Insurance Contributions

Background

National Insurance contributions (NICs) are payable by employees (primary Class 1 contributions) earning more than £157 a week and under State Pension age; their employers (secondary Class 1 contributions) and self-employed people earning more than £6,025 a year for Class 2 contributions and more than £8,164 for Class 4 contributions. The current rate of Class 1 NICs is 12% for income £157 to £866 a week and 2% for income over £866 a week. Class 3 contributions are voluntary contributions.

Data

NUTS1 breakdown of Class 1 NICs from HM Revenue and Customs' (HMRC's) 1% Pay As You Earn (PAYE) sample, where these data are on a residential basis. However, some unknown and non-UK addresses have to be pro-rated to NUTS1 regions.

Methodology

Percentage breakdowns for each NUTS1 region are calculated from the Class 1 NICs data and applied to the UK total of all NICs revenue.

Comparison with HMRC's DoTR and GERS

Our methodology is consistent with Disaggregation of Tax Receipts but not Government Expenditure and Revenue Scotland (GERS). The GERS estimates all classes separately; Class 3 and 4 are estimated using data from HMRC, however, the availability of data is limited and can be significantly lagged. These reasons mean data at the NUTS1 level for other classes are not easily available.

8 . Corporation Tax (onshore)

Background

Corporation Tax (CT) is a tax on the taxable profits of limited companies and some other organisations including clubs, societies, associations, co-operatives, charities and other unincorporated bodies. Taxable profits include trading profits, investment profits (except dividend income, which is taxed differently) and capital gains (known as "chargeable gains" for CT purposes). Information on current allowances and rates (bands) is available.

Data

Percentage shares for the NUTS1 regions were provided by HM Revenue and Customs (HMRC) based on HMRC administrative data on Corporation Tax, and data from our Inter-Departmental Business Register (IDBR). For financial year ending 2016, liability data was used to calculate NUTS1 proportions.

Methodology

The HMRC Disaggregation of Tax Receipts (DoTR) Methodology guide provides full details of its methodology, however, a brief overview is provided in this section.

All Category (i) profits are allocated to the location of the registered office. Category (ii) profits, which make up the majority of taxable profits, were allocated to countries according to the subUK split of enterprises' employment totals, or to the registered office if no employment data were available.

Company level Corporation Tax liabilities were assumed to be in line with the distribution of company level taxable profits. The sum of the subUK level Corporation Tax liabilities was then converted to a receipts basis using historic patterns of lags between when liabilities arise and payment is received by HMRC. The next step was to calibrate to total UK onshore receipts.

These receipts data were then converted to an accruals basis to align them with UK public sector finance totals.

Comparison with HMRC's DoTR and GERS

Our methodology is consistent with HMRC's Disaggregation of Tax Receipts and Government Expenditure and Revenue Scotland (GERS).

9 . Corporation Tax (offshore) and Petroleum Revenue Tax

Background

Oil and gas production companies operating in the UK and on the UK's Continental Shelf (UKCS) are subject to normal Corporation Tax (CT) rules but with some modifications. Ring-Fence Corporation Tax (RFCT) is calculated in a similar way to normal CT, but with the addition of a "ring fence", that prevents taxable profits from oil and gas extraction in the UK and UKCS being reduced by losses from other activities or by excessive interest payments. Oil and gas extraction activities are ring-fenced as a separate trade, distinct from other activities carried out by the company. Any Petroleum Revenue Tax paid by a company is an allowable deduction against RFCT. Rates of RFCT differ from those of CT with the main rate currently at 30%.

Petroleum Revenue Tax (PRT) is a tax on the profits from oil and gas production in the UK or on the UKCS. It is levied on a field-by-field basis by reference to six-monthly chargeable periods ending 30 June and 31 December. Tax is only paid on profits from fields that were approved before 16 March 1993. These are known as 'liable fields'. The rate of PRT was reduced to 0% for all six-month chargeable periods ending after 31 December 2015. Prior to this the rate of PRT was 50%.

Data

Country level geographic data for offshore corporation tax and petroleum revenue tax from HM Revenue and Customs' (HMRC's) Disaggregation of Tax Receipts (DoTR) publication. For English regions, data regarding the placement of oil fields was drawn from the UK Oil and Gas Authority interactive map. Extraction data on oil and gas wells can be found through the Oil and Gas Authority website originating from the Department for Business, Energy and Industrial Strategy.

Methodology

This publication produces estimates of offshore corporation tax and petroleum revenue tax on two bases: population and geography.

As with other revenues, population estimates are obtained from our mid-year population estimates and UK revenues are allocated to regions using these proportions.

Country level proportions have been obtained from HMRC's DoTR publication. These proportions were applied to the UK Public Sector Finances (PSF) totals to obtain country level estimates. To obtain country level estimates HMRC allocate fields between either Scotland or England. Data for each country are estimated separately using HMRC's North Sea oil and gas revenues forecasting model. The underlying data in the model come from a field-by-field survey provided by operators which covers production and expenditure. Economic variables such as oil prices and exchange rate are provided by the Office for Budget Responsibility (OBR). This produces separate forecasts for Scotland and England which are used to disaggregate offshore CT receipts. Further details can be found in HMRC's DoTR Methodology guide.

Allocating North Sea revenues to countries and regions is complex and many factors need to be considered. To produce estimates for English regions, a simple approach was taken and is based on field-level production of oil and gas.

The Scottish Adjacent Waters Boundaries Act 1999 apportions North Sea oilfields between Scotland and England. To differentiate between other NUTS 1 regions, the boundaries for the regions are extended outwards from the coast along their median lines. Monthly extraction records for each well were retrieved and aggregated in to output per financial year. These outputs were then matched to the regional placement of each well, giving outputs of oil and gas for the English regions. Oil, associated gas (from oily deposits) and dry gas (from very low oil deposits) are each recorded separately. These data were then used to disaggregate the England total.

For PRT revenues, HMRC use administrative data provided by its own large business directorate. As this is field level, this is used to identify and split the tax receipts between England and Scotland. As with offshore Corporation Tax, country level proportions are obtained from the DoTR publication and English regions are estimated using the same method as for Corporation Tax.

Comparison with HMRC's DoTR and GERS

At the country level, this publication is consistent with HMRC DoTR methodology. HMRC do not produce estimates for English regions.

Government Expenditure and Revenue Scotland (GERS), like the HMRC model, uses the geographic split from the Scottish Adjacent Waters Boundaries Act 1999. Similarly to the HMRC model, the GERS figures are estimated using detailed field-by-field survey data. It models, at the field level, production, capital and operating expenditure and decommissioning costs, simulating the tax regime based on production and expenditure.

10 . Value Added Tax

Background

Valued Added Tax (VAT) is charged on the sale of most goods and services that are supplied by businesses in the UK or imported. There are three rates: standard rate applies to most goods and services; reduced rate applies to for instance children's car seats and home energy; zero rate applies to for instance most food and children's clothes. Some things are exempt from VAT, for instance postage stamps, financial and property transactions. Information on current rates and exemptions is available.

Data

Living Costs and Food Survey data, published by us, which include average weekly expenditure on a range of items per household and numbers of households by country and region.

Regional gross value added (GVA) statistics were obtained from ONS's regional accounts.

Public Expenditure Statistical Analyses published by HM Treasury, which contains information on government expenditure.

Methodology

UK VAT revenues net of VAT refunds, and UK VAT refunds were apportioned separately.

UK VAT revenues net of VAT refunds from our public sector finances (PSF) statistics were first split into four sectors: households, government, housing, and organisations selling exempt goods and services. The split was achieved using HM Revenue and Customs' (HMRC's) VAT Theoretical Tax Liability model. It was assumed that the sector splits are the same across regions. Then each of the four sectors was apportioned separately.

For the households sector the average annual spend on goods and services was multiplied by the number of households in each region. Adjustments based on standard-rate and reduced-rate and exempt shares were then applied and VAT revenues were apportioned in accordance with the estimated household VAT liabilities in each region.

Organisations selling exempt goods and services pay VAT on their inputs and the estimated revenues from this sector were apportioned using regional GVA within the following industrial sectors: education, financial and insurance, real estate, human health and social work.

The government sector was apportioned using regional shares of total identifiable government expenditure on services.

The housing sector represents housing-related investment spending by public and private organisations. It was apportioned to regions by population. Population estimates for NUTS1 regions were obtained from our mid-year population estimates.

UK VAT refunds from our public sector finances statistics were apportioned in the following way. VAT refunds to local government except to police commissioners were apportioned on the basis of local government total service expenditure. Country-level expenditure on services by local authorities was extracted from our PSF local government database. For English regions these statistics were aggregated from local authority-level data provided to us by the Ministry of Housing, Communities and Local Government (MHCLG). VAT refunds to police commissioners were apportioned using total expenditure on police services.

VAT refunds to central government were apportioned in the following way: refunds to the Ministry of Defence were apportioned on the basis of population; refunds to the NHS were apportioned on the basis of total expenditure on services on health; refunds to other government departments were apportioned on the basis of total expenditure on services less expenditure by the Ministry of Defence and NHS.

Comparison with HMRC's DoTR and GERS

HMRC methods for VAT net of refunds are consistent with ONS methods. HMRC does not apportion VAT refunds.

Government Expenditure and Revenue Scotland (GERS) methodology is broadly consistent with Office for National Statistics.

11 . Capital Gains Tax

Background

Capital Gains Tax (CGT) is a tax on the profit made on the sale or disposal of an asset that has increased in value. The capital gain is broadly the difference between the disposal proceeds and the cost of acquiring an asset. Different rates of tax apply to gains from residential property and other assets. Information on the current rates and exemptions is available.

Data

NUTS1 Capital Gains Tax administrative data provided by HM Revenue and Customs (HMRC), covering both individuals and Trusts.

Methodology

The HMRC Capital Gains Tax data are produced on an accruals basis, however, this accruals methodology is different to that used in the UK public sector finances (PSF). In the UK PSF, cash receipts are used as a proxy for accruals, that is, Capital Gains Tax receipts are not time-adjusted once received from HMRC. For this reason, the accrued HMRC Capital Gains Tax NUTS1 values are used to estimate NUTS1 receipts. These data were used to calculate proportions for all NUTS1 areas and then applied to the UK PSF total.

Comparison with HMRC's DoTR and GERS

HMRC's Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS) also use HMRC's administrative data on Capital Gains Tax, therefore, the country and regional PSF methodology is consistent with DoTR and GERS.

12 . Fuel Duties

Background

Fuel Duties are an excise payable on all motor or heating fuel at either full or rebated rates, irrespective of whether it is produced domestically or abroad. The rates are typically amended once per year in the Finance Act. The duty paid differs with the type of fuel and its usage. Information on current rates is available.

Data

Department for Business, Energy and Industrial Strategy (BEIS) statistics on Road transport energy consumption at regional and local authority level were used for years 2005 to 2016. Experimental data from 2002 to 2004 was also employed.

HM Revenue and Customs' (HMRC's) Hydrocarbon Oils Duties bulletin with historic receipts for petrol, diesel and other fuels.

Methodology

UK revenues from our public sector finances statistics were split between petrol, diesel and other fuels based on proportions calculated from HMRC's historic receipts. Petrol revenues were then apportioned to regions based on petrol consumption. Diesel revenues were apportioned to regions based on diesel consumption. Revenues from other fuels were apportioned to regions based on petrol consumption. Buses and heavy goods vehicles were assumed to use diesel, whilst motorcycles were assumed to use petrol.

Comparison with HMRC's DoTR and GERS

Our apportionment methodology is consistent with HMRC's Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS).

13 . Stamp Tax on shares

Background

Stamp Duty Reserve Tax and Stamp Duty are each chargeable on transactions in shares and securities and are aggregated as "Stamp Tax on shares" (STS) in our public sector finances statistics. STS is generally paid on the purchase of shares and securities. In general, only purchases of shares or securities from companies incorporated in the UK or whose share register is kept in the UK will give rise to a payment of STS. Where a purchase is affected by means of a stock transfer form, no STS will be payable unless the consideration exceeds £1,000.

Data

Firm name and turnover information originate from the London Stock Exchange (LSE) monthly Company Trading Summary. Financial Times Stock Exchange (FTSE) 100 information is generated from an online snapshot archive . Postcodes for firm-region identification (data product and beta) originate from Companies House. Data on the NUTS1 region for all postcodes comes from the National Statistics Postcode Lookup from our Open Geography portal.

Methodology

STS liability is incurred when shares from a firm incorporated in the UK are purchased, whether the purchaser is based in the UK or not. Therefore, the STS revenue is allocated by where the company and not the purchaser resides within the UK.

A master list of FTSE 100 firms from each year was drawn up. These FTSE 100 firms were matched to their postcodes using the Companies House database, and then matched to NUTS1 regions. The monthly turnover summaries were consolidated into financial year summaries resulting in one turnover observation for each firm for each financial year. Each firm's turnover was matched to its NUTS1 region. UK STS revenues from our public sector finances statistics were then apportioned to regions in accordance with the aggregated turnover data.

Comparison with HMRC's DoTR and GERS

In addition to using turnover statistics for FTSE 100 companies, HM Revenue and Customs (HMRC) supported their analysis with turnover statistics for as many LSE-listed companies as they could match to regions based on LSE turnover statistics published in July 2013 and January 2011. However, HMRC has advised that the results from their analysis (PDF 865kb) compared with a FTSE 100-only analysis were very similar.

Government Expenditure and Revenue Scotland (GERS) uses a share-income based apportionment of revenue and not a company-based measure. GERS uses data from Department of Work and Pensions' (DWP's) Family Resources Survey (FRS) and our adult population projections to estimate Scotland's share of UK stock and share-owning adults. From this they derive Scotland's share of UK Stamp Duty on shares.

14 . Tobacco Duties

Background

Tobacco Duty is an excise duty on purchases of tobacco products such as cigarettes, cigars, hand-rolling tobacco, other smoking tobacco and chewing tobacco. For cigarettes the duty has two elements: a fixed amount per cigarette and a percentage of the retail price; while all other tobacco products are charged at a fixed price per kilogram only. Information about the current rates and allowances is available.

Data

Living Costs and Food Survey data, published by us, which include average weekly expenditure on tobacco products per household and numbers of households by country and region.

Methodology

Average weekly household expenditures on tobacco products were multiplied by the average weighted number of households in each NUTS1 region to obtain total weekly expenditure per region. UK Tobacco Duty revenues from our public sector finances statistics were apportioned to regions using total weekly expenditure per region.

Comparison with HMRC's DoTR and GERS

Our methodology is consistent with these publications.

15 . Beer Duties

Background

Beer Duty liability arises when the earliest of the following events takes place: when beer is packaged, removed from the brewery, consumed, lost, or deemed fit for consumption. Beer Duty is paid on the following types of beer if their strength is more than 1.2% alcohol by volume: ale, porter, stout, anything else made or sold described as beer or a beer substitute, including beer mixed with non-alcoholic drinks. Most beers are charged General Beer Duty, but low strength beers are charged a lower rate and high strength beers are charged an extra rate on top of the General Beer Duty. Information about current rates and allowances is available.

Data

Family Food report published by the Department for Environment, Food and Rural Affairs (DEFRA). The report analyses household consumption based on our Living Costs and Food Survey. It contains time series information on the average weekly purchased quantities of beer across each region.

Methodology

The average weekly purchased quantities (for household consumption and eating out) per person per week on beer, lagers and continental beers were summed. Additionally, a proportion from the “Round of drinks, alcohol not otherwise specified” category was added to this sum based on region-specific beer as a proportion of total alcohol purchased. This sum was multiplied by the population estimate for each region to obtain an estimate of total consumption. The time series were then smoothed with a five-year simple symmetric moving average to reduce volatility in the series.

UK Beer Duty revenues from our public sector finances statistics were apportioned to regions based on smoothed total beer consumption in each region.

Comparison with HMRC’s DoTR and GERS

Our methodology is consistent with HM Revenue and Customs’ (HMRC’s) Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS), although GERS uses a three-year moving average.

16 . Cider Duties

Background

Cider Duty is paid on drinks created from fermented apple or pear juice with a strength of more than 1.2% alcohol by volume (ABV) but less than 8.5% ABV. This definition covers most drinks that are commonly referred to as cider or perry. Cider Duty liability arises as soon as the drink is produced or when it is imported into the UK. There are currently two bands for still cider and perry and two for sparkling, with higher duty rates for drinks with higher ABV. Information on current rates and allowances is available.

Data

Family Food report published by the Department for Environment, Food and Rural Affairs (DEFRA). The report analyses household consumption based on our Living Costs and Food Survey. It contains time series information on the average weekly purchased quantities of cider and perry across each region.

Methodology

The average weekly purchased quantities (for household consumption and eating out) per person per week of cider and perry were summed. Additionally, a proportion from the “Round of drinks, alcohol not otherwise specified” category was added to this sum based on region-specific cider and perry as a proportion of total alcohol purchased. This sum was multiplied by the population estimate for each region to obtain total consumption. The time series were then smoothed with a five-year simple symmetric moving average to reduce volatility in the series.

UK Cider Duty revenues from our public sector finances statistics were apportioned to regions based on the smoothed total cider and perry consumption in each region.

Comparison with HMRC’s DoTR and GERS

HM Revenue and Customs’ (HMRC’s) Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS) methods are consistent with our publication, although GERS uses a three-year moving average.

17 . Wine Duties

Background

Wine Duty is payable on the production of wine or made-wine of more than 1.2% alcohol by volume (ABV). Wine is defined as a drink produced by fermentation of fresh grapes or grape must, while made-wine is any other drink – apart from beer or cider – containing alcohol that is made by fermentation, for instance mead. There are currently four bands for still wine and two for sparkling, with higher rates for wines with higher ABV. Information about current rates and allowances is available.

Data

Family Food report published by the Department for Environment, Food and Rural Affairs (DEFRA). The report analyses household consumption based on our Living Costs and Food Survey. It contains time series information on the average weekly purchased quantities of wine across each region.

Methodology

The average weekly purchased quantities (for household consumption and eating out) per person per week of wine, champagne and fortified wines were summed. Additionally, a proportion from the “Round of drinks, alcohol not otherwise specified” category was added to this sum based on region-specific wine as a proportion of total alcohol purchased. Also, ready-to-drink drinks including spirits with mixer, liqueurs and cocktails and alcopops were converted into taxable wine using the HM Revenue and Customs (HMRC) Alcohol Model, and added to this sum. This sum was multiplied by the population estimate for each region to obtain an estimate of total consumption. The total consumption time series were then smoothed with a five-year simple symmetric moving average to reduce volatility in the series.

UK Wine Duty revenues from our public sector finances statistics were apportioned to regions based on the smoothed total wine consumption in each region.

Comparison with HMRC’s DoTR and GERS

Our methodology is consistent with HM Revenue and Customs’ (HMRC’s) Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS), although GERS uses a three-year moving average.

18 . Spirits Duty

Background

Spirits Duty is payable on any spirits, or any mixture or combination of spirits with anything else, at a strength of more than 1.2% alcohol by volume (ABV). Spirits are liable for Spirits Duty as soon as they have been manufactured. The duty is levied at a fixed rate per litre of pure alcohol. Information about current rates and allowances is available.

Data

Family Food report published by the Department for Environment, Food and Rural Affairs (DEFRA). The report analyses household consumption based on our Living Costs and Food Survey. It contains time series information on the average weekly purchased quantities of spirits across each region.

Methodology

The average weekly purchased quantities (for household consumption and eating out) per person per week of spirits were summed. Additionally, a proportion from the “Round of drinks, alcohol not otherwise specified” category was added to this sum based on region-specific spirits as a proportion of total alcohol purchased. Also, ready-to-drink drinks including spirits with mixer, liqueurs and cocktails and alcopops were converted into taxable spirits using the HM Revenue and Customs (HMRC) Alcohol Model, and were added to this sum. This sum was multiplied by the population estimate for each region to obtain estimates of total consumption. The time series were then smoothed with a five-year simple symmetric moving average to reduce volatility in the series.

UK Spirits Duty revenues from our public sector finances statistics were apportioned to regions based on the smoothed total spirit consumption in each region.

Comparison with HMRC’s DoTR and GERS

Our methodology is consistent with HM Revenue and Customs’ (HMRC’s) Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS), although GERS uses a three-year moving average.

19 . Vehicle Excise Duty

Background

Vehicle Excise Duty (VED) is an annual tax on the ownership of road vehicles such as cars, motorcycles, light and heavy goods vehicles, buses, coaches, and other road vehicles. Cars registered before March 2001 are subject to a rate of VED based on engine size. For cars registered on or after 1 March 2001, the rate of VED is based on fuel type and CO2 emissions. Information about current rates is available.

Data Department for Transport’s Vehicle licensing statistics including tables on “Licensed vehicles by body type, by region and per head of population”, and “Average licence values by tax class”.

Methodology

UK VED revenues in our public sector finances statistics are reported separately for households (other current taxes) and businesses (taxes on production).

VED collected from households was apportioned by multiplying numbers of licensed vehicles in the cars, motorcycles, and other vehicles categories in each region by their respective average licence values. VED collected from businesses was apportioned by multiplying numbers of licensed vehicles in the cars, light goods, heavy goods, buses and coaches, and other vehicles categories in each region by their respective average licence values. Numbers of licensed cars and other vehicles were split between households and businesses before multiplication.

Prior to financial year ending 2015, Northern Ireland VED estimates were obtained from the Driver and Vehicle Licensing Agency Northern Ireland (DVLNI).

Comparison with GERS

HM Revenue and Customs does not apportion VED because the tax is collected by the Driver and Vehicle Licensing Agency (DVLA). Government Expenditure and Revenue Scotland (GERS) estimates are not directly comparable with ours because they are based on separate DVLA information on total value of licences for Scotland.

20 . Air Passenger Duty

Background

Air Passenger Duty (APD) is paid by aircraft operators on carriage of passengers from a UK airport. APD due per passenger depends on their final destination and class of travel. Currently, there are two destination bands and three classes of travel. Because APD applies to the journey as a whole, connected flights are considered as one journey. The power to set APD rates on direct long-haul flights from Northern Ireland was devolved to the Northern Ireland Assembly in July 2012, although HM Revenue and Customs (HMRC) still collects this tax. Information on current rates and allowances is available from the GOV.UK website.

Data

We use the published Civil Aviation Authority (CAA) data on total terminal passengers travelling from UK airports.

We also use the CAA's Departing Passenger Survey, which provides more granular data that indicates the number of passengers flying in each of the destination bands and classes of travel, as well as the number of exempt passengers. The survey sample includes a core set of airports every year, with other regional airports surveyed intermittently.

Methodology

The UK figure for total APD is taken from our public sector finances (PSF) statistics. This gets apportioned across NUTS1 countries and regions.

Data from CAA's Departing Passenger Survey are combined with CAA's total terminal passenger numbers to provide estimates of the number of passengers across countries and regions by each destination band (based on their final destination) and ticket class.

The data are presented by calendar year and must be converted to a financial year basis.

For Scotland, Scottish airports are only sampled as part of the Departing Passenger Survey once every five years. Data for 2005, 2009, 2013 and 2018 are available.

Airports in Northern Ireland have not been sampled since 2006.

For all countries and regions, data are interpolated to provide estimates for years that have not been sampled.

A NUTS1-level adjustment is made to the passenger numbers to exclude exempt passengers, based on information within the survey data. Exempt passengers are identified as any of the following:

- children under 16 years old
- passengers on connecting flights
- airline staff

For each country and region, estimated total passenger numbers by destination band and ticket class are multiplied by the current rates to produce APD revenue estimates. These estimates are scaled to the UK total APD revenue estimate from the PSF.

Comparison with HMRC's DoTR and GERS

HMRC uses a different methodology based on a combination of proprietary CAA data and our International Passenger Survey data. The HMRC's Disaggregation of Tax Receipts (DoTR) is therefore not directly comparable with our estimates.

The Government Expenditure and Revenue Scotland (GERS) method is similar to ours, although their method is based on a combination of both CAA survey data and HMRC data.

21 . Insurance Premium Tax

Background

Insurance Premium Tax is a tax on general insurance premiums. There are two rates: a standard and a higher rate. The higher rate is paid on travel insurance, mechanical and electrical appliances insurance and some vehicle insurance. There are a number of exemptions from the tax, including most long-term insurance and reinsurance. Information about current rates and allowances is available.

Data

Living Costs and Food Survey data, published by us, which include average weekly expenditure on insurance per household by country and region.

Methodology

The average weekly household expenditure on insurance was multiplied by the average weighted number of households in each area to obtain total weekly expenditure per area. UK Insurance Premium Tax revenues from our public sector finances statistics were apportioned to regions using total weekly expenditure per region.

Comparison with HMRC’s DoTR and GERS

Our methodology is consistent with these publications.

22 . Climate Change Levy

Background

Climate Change Levy (CCL) is a UK-wide environmental tax paid at either the main rates or the carbon price support (CPS) rates. CCL main rates were introduced in the financial year ending (FYE) 2002 and are paid on the supply of electricity, gas, and solid fuels to industrial, commercial, agricultural and public services sectors.

Main rates of the levy do not apply to: businesses that use small amounts of energy, domestic consumers, and charities. CPS rates were introduced in FYE 2014 in England, Wales and Scotland to encourage industry to use low carbon technology for producing electricity. CPS rates are paid by owners of electricity-generating stations and operators of combined heat and power stations for using gas, liquid petroleum gas, coal and other solid fuels. For both the CCL main rates and the CPS rates, different tax rates apply for different commodities. Information about current rates and allowances is available.

Data

UK total revenues from CCL were obtained from our public sector finances database.

Proportions for disaggregating CCL revenues between the main rates and the CPS rates elements were calculated based on estimated receipts from the two rates in HM Revenue and Customs’ (HMRC’s) Climate Change Levy bulletin.

Gas and electricity consumption statistics for NUTS1 regions except Northern Ireland were obtained from the Department for Business, Energy and Industrial Strategy (BEIS). These are certified National Statistics. Electricity consumption statistics for Northern Ireland were obtained from a separate BEIS publication. These are Experimental Statistics. Gas consumption statistics for Northern Ireland were obtained from Utility Regulator’s annual Transparency Reports.

Coal consumption statistics for all NUTS1 regions were obtained from the BEIS Sub-national residual fuel consumption publication.

Methodology

CCL revenues from main rates were apportioned by the sum of non-domestic gas, electricity and coal consumption multiplied by their respective tax rates in FYE 2015. For this purpose, coal consumption estimates were converted from tonnes of oil equivalent unit to kilograms in accordance with the Digest of UK Energy Statistics.

CCL receipts from CPS rates were apportioned by the sum of non-domestic gas and coal consumption multiplied by their respective tax rates in FYE 2015. For this purpose, coal consumption estimates were converted from tonnes of oil equivalent to gigajoules.

Comparison with HMRC's DoTR and GERS

HM Revenue and Customs' (HMRC's) Disaggregation of Tax Receipts (DoTR) methods are largely consistent with our methodology with the following two exceptions. Fuel consumption is weighted by revenues that come from each fuel type (based on tax returns data) rather than by tax rates. Different data sources are used for both CPS apportionment and for gas consumption in Northern Ireland.

Some differences with Government Expenditure and Revenue Scotland (GERS) exist due to the distinction made between the two different rates.

23 . Environmental levies

Background

Environmental levies comprise two components: the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) and Renewables Obligation Certificates (ROCs). CRC is a mandatory carbon emissions reduction scheme that applies to public and private organisations that have a half-hourly metered electricity consumption greater than 6,000 megawatt hours (MWh) per year. ROCs are certificates issued to operators of accredited renewable generating stations. ROCs are ultimately used by suppliers to demonstrate that they have met their obligation. Where suppliers do not present a sufficient number of ROCs to meet their obligation in the reporting period, they must pay an equivalent amount into a buy-out fund.

Data

Electricity consumption statistics for NUTS1 regions except Northern Ireland were obtained from the Department for Business, Energy and Industrial Strategy (BEIS). Electricity consumption statistics for Northern Ireland were obtained from a separate BEIS publication.

Regional gross value added (GVA) statistics were obtained from Office for National Statistics' (ONS's) regional accounts.

Methodology

CRC and ROCs were apportioned separately.

CRC UK revenues from our public sector finances statistics were apportioned using non-domestic electricity consumption.

ROCs UK revenues from our public sector finances statistics were apportioned using regional gross value added within the "Electricity, gas, steam, and air conditioning supply" sector.

Comparison with HMRC's DoTR and GERS

HM Revenue and Customs (HMRC) does not collect this tax; therefore, it is not mentioned in their Disaggregation of Tax Receipts (DoTR) publication.

Government Expenditure and Revenue Scotland (GERS) apportions CRC revenue using data from the Scottish Environmental Protection Agency (SEPA) and ROCs using historical data on certificates issued to suppliers in Scotland.

24 . Betting and gaming duties

Background

Betting and Gaming Duties, also known as Gambling Duties, consist of seven individual duties:

- Bingo Duty – paid by bingo premises licence holders
- Gaming Duty – paid by casino operators
- General Betting Duty – paid by bookmakers
- Lottery Duty – paid by individuals purchasing lottery tickets
- Machine Games Duty – paid by operators of machines that give cash prizes
- Pool Betting Duty – paid by pool betting licence holders
- Remote Gaming Duty – paid by online gaming providers

Information about current rates and allowances is available.

Data

Living Costs and Food Survey data, published by us, which includes average weekly expenditure on gambling payments per household by countries and regions.

Methodology

The average weekly household expenditure on gambling payments was multiplied by the average weighted number of households in each NUTS1 region to obtain total weekly expenditure per region. UK Betting and Gaming Duty revenues from ONS's public sector finances statistics were apportioned to regions using total weekly expenditure per region.

Comparison with HMRC's DoTR and GERS

Our methodology is consistent with these publications.

25 . Landfill Tax, Scottish Landfill Tax and Landfill Disposals Tax

Background

Landfill Tax is an environmental tax paid by landfill site operators on waste disposed at landfill sites. There are two rates: the lower rate, which is paid on "inactive waste" (for example, rocks or soil), and the standard rate, which is paid on all non-lower rate and non-exempt landfilled waste. Dredging activities, quarrying and mining, pet cemeteries, and inactive waste used for filling quarries are all exempt from the tax.

In April 2015, Landfill Tax was replaced in Scotland by the devolved Scottish Landfill Tax. In April 2018, Landfill Tax was replaced in Wales by the devolved Landfill Disposals Tax. Information about the current exemptions and rates in England and Northern Ireland, current exemptions and rates in Scotland and current exemptions and rates in Wales is available.

Data

We follow the classification, European Waste Catalogue (EWC), which categorises different types of waste into three broad categories: hazardous, non-hazardous and inert. This is part of the European Waste Framework Directive, 2008/98/EC.

Tonnages of waste landfilled in the English regions, Wales (pre and post 2013), and Northern Ireland were obtained from the Environment Agency, Natural Resources Wales and the Department of the Environment (Northern Ireland) respectively.

Methodology

For England, Wales (prior to the financial year ending (FYE) 2019), Scotland (prior to the FYE 2016) and Northern Ireland, total UK revenue is apportioned based on the estimated tax liability for each region. Tax liabilities are derived by assigning each region's tonnages of waste to standard and reduced rates depending on its EWC waste category and then aggregating waste tonnages by region to get total tonnage figures. These total tonnage figures are multiplied by the tax rate per tonne to deduce total tax liabilities by region.

From the FYE 2016 onwards, outturn data for Scottish Landfill Tax is used for Scotland, and for the FYE 2019, outturn data for Landfill Disposals Tax is used for Wales.

Comparison with HMRC's DoTR and GERS

HM Revenue and Customs' (HMRC's) methods in the [Disaggregation of Tax Receipts (DoTR)] are not consistent with our publication because HMRC base their apportionment method on tonnages sent to landfill for each NUTS1 region, as recorded by the relevant environmental body.

As HMRC no longer administers Landfill Tax in Scotland (from the FYE 2016 onwards) and Wales (from the FYE 2019 onwards), no receipts are allocated to Scotland and Wales for Landfill Tax in the DoTR publication.

Our publication is consistent with the latest [Government Expenditure and Revenue Scotland (GERS)] outturn figures for Scottish Landfill Tax from the FYE 2016 onwards.

26 . Aggregates Levy

Background

Aggregates Levy is an environmental tax on the commercial exploitation of sand, gravel and rock that has either been dug from the ground, dredged from the sea in UK waters, or imported. There is one common rate per tonne of sand, gravel or rock. Certain materials are excluded from the tax, for example, soil and vegetable or other organic matter. Reliefs may apply if aggregates are exported, used in some industrial or agricultural processes, or not used as aggregate. For current rates and reliefs, please see the GOV.UK website.

Data

To obtain the tonnage of crushed rock, sand and gravel produced in each region, we used the UK Minerals Yearbook (UKMY), published by the British Geological Survey. Statistics for Northern Ireland are not explicitly reported in the publication and therefore were estimated as the difference between the reported UK and Great Britain totals.

Where information on English regions is missing for recent years in the UKMY, we aggregated local authority statistics to regional level using The Mineral Extraction in Great Britain Business Monitor PA1007, which is based on the Annual Minerals Raised Inquiry (AMRI) Survey. Some of the local authority statistics in this publication are suppressed because of potential disclosure issues, but we obtained unsuppressed statistics from a source at the Office for National Statistics (ONS).

Methodology

Aggregates Levy revenues were apportioned to regions using the total tonnage of crushed rock, sand and gravel produced in each region. Additionally, total tonnage in Northern Ireland was assigned a lower weighting for the years between 2002 to 2003 and 2010 to 2011 to account for a relief in the duty rate for certain customers between 2002 and 2010.

The UKMY, our data source, was published again in 2019 with data up to 2017. This publication had ceased when the AMRI, conducted by the ONS, came to an end in early 2016. However, it has now been updated using alternative data sources, such as the Mineral Products Association and the British Ceramics Confederation, among others.

Comparison with HMRC's DoTR and GERS

HM Revenue and Customs' (HMRC's) methods, as used in the Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland's (GERS') methods are largely consistent with our publication.

27 . Bank Levy

Background

The Bank Levy was introduced on 1 January 2011 and it is an annual charge on certain equity and liabilities of banks, building societies, banking groups and building society groups. To be within the scope of the Bank Levy, a standalone bank or building society must be operating in the UK, while a group must contain at least one bank operating in the UK. No charge to the Bank Levy arises on the first £20 billion of chargeable equity and liabilities.

Data

Office for National Statistics' (ONS's) regional accounts NUTS1 splits bank and building societies' income from fees, commission and financial intermediation services indirectly measured (FISIM).

Methodology

UK revenues from ONS public sector finances statistics are apportioned to regions based on the sum of bank and building societies' income from fees, commission and FISIM.

Comparison with HMRC's DoTR and GERS

HM Revenue and Customs (HMRC) methods are not consistent with our publication because HMRC base their apportionment method on regional gross value added within the "financial and insurance activities" sector.

Government Expenditure and Revenue Scotland methods are consistent with our publication.

28 . Stamp Duty Land Tax, Land and Buildings Transaction Tax, and Land Transaction Tax

Background

Stamp Duty Land Tax (SDLT) is payable on the purchase or transfer of property over a certain price in England, Wales (prior to April 2018), Scotland (prior to April 2015) and Northern Ireland. The current threshold is £125,000 for residential properties and £150,000 for non-residential properties; with reliefs for first-time buyers of properties under £500,000. SDLT is charged as a percentage of the amount paid for the property, and the percentage paid depends on whether the property is a residential or non-residential property.

Since April 2015, purchases or transfers of property in Scotland have been subject to the Scottish Land and Buildings Transaction Tax. The current threshold in Scotland is £145,000 for residential properties and £150,000 for non-residential properties.

Since April 2018, purchases of property or land in Wales have been subject to Land Transaction Tax (LTT), which is collected by the Welsh Revenue Authority and is used to support public services in Wales. The current LTT threshold is £180,000 for residential properties and £150,000 for non-residential land and properties.

Data

NUTS1 data are available in the Stamp Duty Land Tax bulletin, published by HM Revenue and Customs (HMRC). The split of revenue and transactions between NUTS1 regions in the HMRC bulletin is based on the location of the property being transacted.

Methodology

The published NUTS1 statistics are used to calculate proportions, which are then applied to public sector finances (PSF) UK totals. For years prior to the financial year ending (FYE) 2006, validated administrative data are not available and the regional proportions have been estimated by taking an average of years from the FYE 2006 to the FYE 2008.

From the FYE 2016 onwards, data for Scotland have been obtained from Revenue Scotland, and for the FYE 2019, data for Wales have been obtained from the Welsh Revenue Authority.

Comparison with HMRC's DoTR and GERS

The methods are consistent with all publications of the Disaggregation of Tax Receipts (DoTR) and Government Expenditure and Revenue Scotland (GERS) for the years up to the FYE 2015. As HMRC no longer administer Stamp Duty Land Tax in Scotland, (from the FYE 2016 onwards) and Wales (from the FYE 2019 onwards), no receipts are allocated to Scotland and Wales for Stamp Duty Land Tax in the DoTR publication.

29 . Inheritance Tax

Background

Inheritance Tax is due on the net value of a person's estate transferred at death above a certain threshold. Some exemptions and reliefs apply, and there is a separate treatment when properties are settled in trusts.

Data

NUTS1 Inheritance Tax statistics are published by HM Revenue and Customs (HMRC).

Methodology

The published NUTS1 statistics are used to produce proportions for HMRC accruals. Although these data are on an accrued basis, the accrued methodology used is different between the published Inheritance Tax statistics and those used in the UK public sector finances (PSF). In the UK PSF, Inheritance Tax cash receipts are used as a proxy for accruals data, that is, cash is assumed to equal accruals. Therefore, we apply the same accrued to receipts transaction HMRC adopts to estimate receipts data in the Disaggregation of Tax Receipts (DoTR) publication. The second set of proportions are then applied to the UK totals.

Comparison with HMRC's DoTR and GERS

The methods are consistent with all publications.

30 . Council Tax and Northern Ireland District Domestic Rates

Background

Council Tax is a tax on properties used for domestic purposes and is collected by local authorities. For each local authority, Council Tax bands are set by property value and each band is charged a different rate; generally, the higher the property value, the higher the amount of Council Tax due. Discounts and exemptions apply dependent on circumstances.

Data

Statistics published by the Ministry of Housing, Communities and Local Government (MHCLG) for English local authorities; Welsh local government finance statistics; Scottish local government finance statistics; and published data for Northern Ireland.

Methodology

For the UK public sector finances, Council Tax is compiled at the country level. Data for Scotland, Wales and Northern Ireland were compiled from local government finance statistics and as such they did not require any apportionment. Data for England are published at local authority level. These data were then aggregated to regions.

Comparison with HMRC's DoTR and GERS

Methods are consistent with Government Expenditure and Revenue Scotland. HM Revenue and Customs does not collect this tax and so does not include these estimates in its publication.

31 . Non-domestic Rates and Northern Ireland Regional Domestic Rates

Background

National Non-Domestic Rates (NNDR) is a tax on properties that are not used for domestic purposes, such as shops, offices, pubs, warehouses, factories and holiday rental homes. NNDR is collected by local authorities and ensures that those occupying non-domestic properties contribute to the cost of local services.

All business properties in England and Wales have a rateable value, which is set by the Valuation Office Agency (VOA), and this is multiplied by the "business rates multiplier" (set by the UK government for England and the Welsh government for Wales) to calculate the amount of NNDR payable by businesses. Some exemptions and reliefs also apply.

Business rates are calculated slightly differently for Scotland and Northern Ireland. As the multiplier is set by central government, in accordance with national accounts definitions, NNDR is classified as a central government tax, even though it is collected by local authorities.

In national accounts, NNDR falls into two tax categories: taxes on production and other current taxes. Some non-domestic properties are used by non-market sector bodies, such as charities. In such situations, NNDR is being paid by a non-market sector body and should be recorded as an "other current tax on production". NNDR paid by businesses is considered as NNDR paid by a market sector body and is recorded as a tax on production.

Northern Ireland Regional Domestic Rates are domestic rates set by central government and paid by non-market sector bodies.

Data

Statistics published by the Ministry of Housing, Communities and Local Government (MHCLG) for English local authorities; Welsh local government finance statistics; Scottish local government finance statistics; and published data for Northern Ireland.

Methodology

For the UK public sector finances, Council Tax is compiled at the country level. Data for Scotland, Wales and Northern Ireland are compiled from local government finance statistics, as such they do not require any apportionment. Data for the English regions are published at the local authority level. These data were then aggregated to regions.

Comparison with HMRC's DoTR and GERS

Methods are consistent with Government Expenditure and Revenue Scotland. HM Revenue and Customs does not collect this tax and as such it does not include these estimates in its Disaggregation of Tax Receipts publication.

32 . Gross operating surplus

Background

In the national accounts, gross operating surplus (GOS) for a corporation or public sector body is the income from trading activity that remains after the deduction of costs related to operating activities, such as production costs, staff costs and taxes.

By definition, GOS for general government (that is, central and local government combined) is equal to consumption of fixed capital, that is, the loss of value over time (depreciation) of fixed assets used in the production process. As consumption of fixed capital also appears as an expenditure item, there is no impact from GOS on general government net fiscal balance as a result.

For public corporations, the GOS figure includes gross trading surplus (GTS), rental income, changes in inventories and financial intermediation services indirectly measured (FISIM).

Data

We use public corporations data from the Office for National Statistics (ONS), which are also used to compile data for the UK public sector finances (PSF) and national accounts.

Methodology

Each sector (central government, local government and public corporations) is apportioned separately, as described in this section.

General government

Both central and local government GOS is apportioned using UK non-market capital consumption (NMCC) as published in the ONS's regional accounts. These proportions are then applied to the UK figures taken from the monthly PSF.

Public corporations

The apportionment of public corporations' GOS is more complex as there are more components compared with general government. The GOS of public corporations comprises the following elements:

1. Gross trading surplus (from operating activities); plus
2. Gross trading surplus (from artistic originals and computer software); plus
3. Housing revenue account (Housing Revenue Account); plus
4. Rental income (excluding Housing Revenue Account); minus
5. FISIM; plus
6. Changes in inventories; plus
7. Housing associations
8. Public sector pension funds

Each individual element listed was apportioned separately and GOS for each NUTS1 region was obtained.

GTS arising from artistic originals has been apportioned on a population basis. Changes in inventories, FISIM and computer software have been apportioned using public sector gross value added (GVA).

GTS from operating activities, and rental income excluding the Housing Revenue Account (HRA), were apportioned based on the area that the public corporation was judged most likely to serve.

For the housing revenue account, allocations to Scotland, Wales and England are based on local authority rents obtained from the Local Government team at the ONS. HRA data are published at local authority level by the Ministry of Housing, Communities and Local Government (MHCLG) and these have been used to apportion to English regions.

The reclassification of housing associations into the public sector was implemented in the PSF published in February 2017. GOS is available at country level and has been allocated accordingly. For the English regions, GOS from housing associations has been allocated using public sector GVA. As of the FYE 2018 and the FYE 2019, English and Scottish and Welsh housing associations were respectively reclassified back to the private sector.

The gross presentation of funded employment-related pensions was implemented in the PSF published in September 2019. GOS for the public sector pension funds was apportioned using regional GVA for division 65: Insurance, reinsurance and pension funding of the UK Standard Industrial Classification of Economic Activities.

Comparison with HMRC's DoTR and GERS

The overall methods are consistent with Government Expenditure and Revenue Scotland (GERS). As GERS for the FYE 2019 was published in August 2019, it does not yet include GOS of public sector pension funds.

33 . Interest and dividends

Background

This includes interest and dividend payments to the public sector from the private sector and the rest of the world. For instance, payments from student loans and shares and securities owned by the government. This excludes interest payments received by public sector bodies from other UK public sector bodies.

Data

Population estimates for NUTS1 regions were obtained from the Office for National Statistics' (ONS') mid-year population estimates.

Regional gross value added (GVA) statistics were obtained from the ONS's regional accounts.

Methodology

Interests and dividends received by general government and public corporations are apportioned separately.

The ONS' public sector finances (PSF) statistics on general government revenue received from interest and dividends were apportioned to NUTS1 regions according to regional population.

The ONS' PSF statistics on public corporations' revenue received from interest and dividends were apportioned to NUTS1 regions according to regional public sector GVA, with the exception of interest received by public sector pension funds, which was apportioned using data on investment income for the local government pension schemes (LGPS) in the different countries.

Comparison with HMRC's DoTR and GERS

Methodology is consistent with Government Expenditure and Revenue Scotland (GERS). As GERS for the financial year ending (FYE) 2019 was published in August 2019, it does not yet include gross operating surplus (GOS) of public sector pension funds.

34 . Rent and other current transfers

Background

Rent and other current transfers refer to revenues received by central government, local government and public corporation trading activity. These include court fees, rent from 3G and 4G mobile licenses, fines and penalties as well as rents on land.

Data

Regional gross value added (GVA) statistics were obtained from ONS's regional accounts.

Methodology

Rent and other current transfers are apportioned separately for each sector:

- central government rent and other current transfers are allocated to countries or regions where data are available, for example, court fines; fines and penalties for the late payment of direct taxes are apportioned to regions based on the Income Tax revenue in each region (which, in turn, is apportioned based on total estimated Income Tax liabilities of residents in each region published by HMRC), while fines and penalties for the late payment of indirect taxes are apportioned based on the VAT revenue for each region; other methods include public sector regional GVA or total regional GVA

- local government rent and other current transfers are allocated to countries and regions using public sector GVA

- public corporations' rent and other current transfers are allocated to countries and regions using public sector GVA

Comparison with HMRC's DoTR and GERS

Methods are largely consistent with Government Expenditure and Revenue Scotland.

35 . Other taxes

Miscellaneous taxes on income and wealth

All are apportioned by population.

Other taxes on production in Taxes on production

Table 1: "Other taxes on production" in "Taxes on production"

Revenue name	Apportionment method
EU ETS auction receipts	Non-domestic electricity consumption statistics from the Department for Business, Energy and Industrial Strategy (BEIS)
Immigration Skills Charge	Number of people from a non-EU country in employment
Soft Drinks Industry Levy	Weekly household expenditure on soft drinks per region

Source: Office for National Statistics

Table 2: “Other” in “Other taxes on production”

Revenue name	**Apportionment method**
Customs and consumer credit act fees and fines	Population
Income from overhead contact systems	Regional gross value added (GVA)
Light dues	The number of ships entering ports and the total tonnage of imports and exports
Various regulator fees	Population
Driver and Vehicle Agency Northern Ireland (NI)	All to Northern Ireland
Levy funded bodies	Regional GVA within the Agriculture, forestry and fishing, Financial and Insurance activities, Construction and Other services and activities sectors
Fossil Fuel Levy	Regional GVA
Milk Super Levy	Regional GVA within the Agriculture, forestry and fishing sector
Hydro-benefit	All to Scotland
Rail premia	Regional GVA
Air travel organiser licence fees	Regional GVA
National lottery distribution fund	As Betting and Gaming Duty
Vehicle Registration Tax	As Vehicle Excise Duty
Bank Payroll Tax1	Regional Compensation of Employees within the Financial and insurance activities sector.
Apprenticeship Levy	Workforce jobs and gross weekly earnings
HM Land Registry	Sale prices of properties in England and Wales submitted to HM Land Registry for registration
Companies House Registration Tax	Regional gross value added (GVA)
Pension Protection Fund Levy	Regional gross value added (GVA) for division 65: Insurance, reinsurance and pension funding of the UK Standard Industrial Classification of Economic Activities

Source: Office for National Statistics

Notes

1. As the UK public sector finances (PSF) and country and regional public sector finances (CRPSF) record taxes on an accrued basis Bank Payroll Tax appears only in one year. However HM Revenue and Customs’ (HMRC’s) Disaggregation of Tax Receipts (DoTR) publication shows receipts for more than one year. Back to table

Table 3: “Other” in “Other current taxes”

Revenue name	Apportionment method
TV licence fees	Number of households
Fishing licences	Population
Passport fees	Population
Boat licences	Population

Source: Office for National Statistics

Taxes on capital in Other current receipts

Taxes on capital consists of Inheritance Tax and Swiss Capital Tax. For Inheritance Tax, see Section 29 of this article. Swiss Capital Tax was apportioned by population.

Owing to an accrued methodology used in this bulletin (consistent with the national accounts framework), Bank Payroll Tax and Swiss Capital Tax revenues are accrued back to the financial year when the liability arose. This differs somewhat from the cash methodology used by HM Revenue and Customs (HMRC) where revenues are recorded when receipts have been received.

36 . Expenditure methodology

The main data source for expenditure is HM Treasury's (HMT's) Country and regional analysis (CRA), which presents analyses of public expenditure by country, region and function.

In order to provide information on the allocation of expenditure by country and region, HMT asks the UK Government departments and devolved administrations to undertake an annual statistical exercise. The exercise is based on devolved administration spending and the subset of departmental spending that can be identified as benefiting the population of individual regions. All UK departments are asked to provide a breakdown of their expenditure on services by country and region, covering the last five outturn years. These data are combined with (a) estimates of local authority spending by region from the Ministry of Housing, Communities and Local Government (MHCLG) and the devolved administrations; (b) data on spending by the devolved administrations and other departments; and (c) country and regional estimates of the remaining smaller spending departments.

The CRA data collection is based on HMT's measure of "total expenditure on services" (TES), which covers approximately 90% of "total managed expenditure" (TME). TME is an expenditure aggregate based on national accounts concepts, and public sector TME is published in the UK public sector finances (PSF). Accounting adjustments are used to move from TES to TME. Further information on TES is available in the annexes of HMT's [Public Expenditure Statistical Analyses (PESA)] publication.

In the CRA, expenditure on services is divided into two components:

- identifiable expenditure: expenditure on services that can be identified as having been incurred for the benefit of individuals, enterprises or communities within a particular region
- non-identifiable expenditure: expenditure on services that is incurred to benefit the UK as a whole and cannot be identified as benefiting a particular country or region of the UK; this is primarily defence spending

Identifiable expenditure is attributed to a specific country or region using the "for" basis wherever possible. Where it is not possible to allocate spending to regions on a "for" basis, the "in" basis is used instead. For most spending, the "for" and "in" bases would in practice offer the same result. Non-identifiable expenditure is considered to be incurred for the benefit of the UK as a whole and as such is not attributed to regions. For more information, see the earlier section on country and regional public sector finances (CRPSF) apportionment methods.

Methodologies for apportioning non-identifiable expenditure

In the CRPSF, the non-identifiable expenditure described in the previous section and identifiable expenditure that occurs outside the UK are allocated to regions based on the methodologies detailed in Table 4.

Table 4: Methodologies used to allocate non-identifiable UK expenditure and identifiable expenditure outside the UK

Function and sub-function	Non-identifiable UK expenditure	Outside the UK expenditure
General public services		
Public and common services	Population	Population
International services	Population	Population
Public sector debt interest	Population	n/a
Defence	Population	n/a
Public order and safety	Population	n/a
Economic affairs		
Enterprise and economic development	Population	Population
Science and technology	GVA	Population
Employment policies	n/a	Population
Agriculture, forestry and fisheries	Population	Population
Transport	GVA	Population
Environment protection	GVA	Population
Housing and community amenities	Population	n/a
Health	Population	Population
Recreation, culture and religion	Population	Population
Education and training	n/a	Population
Social protection	Population	Population
Accounting adjustments – EU transactions	Various (see later section)	Various (see later section)
Accounting adjustments – PSF transactions	Various (see later section)	Various (see later section)

Source: Office for National Statistics

EU transactions

The UK makes contributions to the EU budget and receives funding from the EU through a number of programmes, as a member of the EU.

In the CRA, EU receipts are classified as either identifiable or non-identifiable depending on the characteristics of the expenditure itself. Receipts from the EU are treated as non-identifiable expenditure within TES, while expenditure financed by the EU that is included within functional service lines by country and region (much of which relates to the Common Agricultural Policy) is considered identifiable expenditure. Under national accounts, these expenditures are reported as direct payments from the EU to enterprises and households, rather than being included within departmental budgets. In the transition to TME, these spending lines are therefore included as negative spending to remove them from departmental spending.

Payments to the EU are attributed to "outside UK" as these are transfer payments that the EU then spends.

Contributions to the EU budget

EU members contribute to the EU budget through three sources:

- traditional own resources (TOR): these comprise customs, agricultural, sugar and isoglucose levies
- Value Added Tax (VAT)-based own resource: member states contribute a standardised percentage of 0.3% of their harmonised VAT bases -- that is, based on implied VAT resources if VAT rates were applied to a common EU standard rather than using country-specific rates
- gross national income (GNI)-based own resource: each member state makes a contribution in proportion to their GNI, currently set at a cap of 1.24%; this is the largest of the three elements

Under the current fiscal framework, no individual country or region contributes directly to the EU budget, as such, the CRPSF has used the following methodologies to assign each of the previously described to countries and regions:

- TOR: this is assigned to countries and regions using their shares of UK VAT revenue
- VAT-based own resource: this is assigned to countries and regions using their shares of UK VAT revenue
- GNI-based own resource: this is assigned to countries and regions using their shares of gross value added (GVA)

Since 1985, the UK has received a rebate on its contribution to the EU budget. This rebate is assigned to countries and regions on a population share basis.

Receipts from the EU budget

Receipts from the EU budget fall into two categories: public sector receipts and external assistance. Much of the receipts from the EU relate to the Common Agricultural Policy and are therefore identifiable to countries and regions. The EU's external assistance budget provides aid to states outside the EU; a share of this expenditure is attributed to the UK based on its contribution to the UK EU budget. This external assistance expenditure is considered to be non-identifiable and therefore assigned to countries and regions on a population share basis.

Amendments to CRA data

Capitalisation of expenditure related to R&D and SUME

The new [European System of Accounts 2010 (ESA 2010)] manual introduced the capitalisation of expenditure related to research and development (R&D) and single-use military equipment (SUME). These changes were implemented in the UK PSF, with an article published explaining the changes.

In CRA 2016, these changes were implemented for the financial year ending (FYE) 2012 to the FYE 2016. However, the Office for National Statistics (ONS) has made amendments to CRA data for earlier periods. These adjustments include equal but offsetting adjustments to current and capital expenditure at the functional level. Adjustments related to R&D are assigned to countries and regions using country and regional data on gross domestic expenditure on R&D. Adjustments related to SUME are assigned to countries and regions on a population share basis. Although changes are visible in all spending functions, these changes impact mostly defence, economic affairs and health spending.

Accounting adjustments

HMT's CRA data are produced on the basis of TES. While TES includes most of the underlying expenditure included in TME, differences do exist. The largest difference can be attributed to consumption of fixed capital (depreciation) and VAT refunds. TES does not include consumption of fixed capital, whereas this is included in TME and also does not reverse the reduction of certain VAT refunds in budget-based expenditure. TES also includes a small number of items that are in budgets but not in TME.

Table 5 lists the accounting adjustments used to reconcile TES to TME as well as the method used to assign elements of the countries and regions.

Table 5: Accounting adjustments for reconciling total expenditure on services and total managed expenditure and various apportionment methods

Accounting adjustment	Apportionment method
Current expenditure adjustments:	
Central government consumption of fixed capital	Non-market capital consumption from ONS’s regional accounts
Local government consumption of fixed capital	Non-market capital consumption from ONS’s regional accounts
Current Value Added Tax (VAT) refunds	Central government: Using total expenditure on services (TES) for relevant function
Local government: Based on final consumption expenditure	Local government: Based on final consumption expenditure
(See Revenue section)	(See Revenue section)
Imputed subsidy from local authorities to the Housing Revenue Account1	Data are calculated by ONS at the country level. English regions were calculated using aggregated local authority data
Imputed flows for Renewable Obligation Certificates2	Regional gross value added (GVA) within Electricity, gas steam and air conditioning supply industry
Local authority pensions	Public sector GVA
Network Rail	Sub-national expenditure data published in Regulatory Financial Statements
Nigerian Debt	Population
Public sector pension funds	Local Government Pension Schemes (LGPS) current expenditure and regional GVA for SIC 65
Capital expenditure adjustments:	
Capital VAT refunds	See current expenditure adjustments
Network Rail	Subnational expenditure data published in Regulatory Financial Statements
Royal Mail Pension Plan	Population
Housing Associations3	Scotland and Wales available from UK public sector finances. English regions apportioned from England total using public sector GVA
VAT on electronic services	VAT
Transfer costs	Public sector regional GVA
Multilateral Development Banks	Population
Network Rail capital grants	Network Rail capital expenditure
Public Sector pension schemes	Compensation of Employees from regional GVA and LGPS capital expenditure
Student Loans	Country-level data available from the Department of Education. English regions apportioned from England total using number of students in higher education by domicile from the Higher Education Statistics Agency

Source: Office for National Statistics

Notes

1. The Housing Revenue Account (HRA) is classified as a public corporation in the public sector finances, which means they pay dividends on their profits to local authorities. To ensure these dividends are non-negative, a subsidy is imputed from local authorities to HRAs to cover any shortfall (which is offset in public corporations' gross operating surplus (GOS), on the revenue side). Back to table

2. Renewable Obligation Certificates (ROCs) are bought and sold by energy companies. Flows related to these are rerouted through central government and therefore offsetting amounts of spending and income are imputed. Back to table

3. Registered providers of social housing (Housing Associations) were reclassified to the public sector from 2008 to 2009. Since February 2017, these have been fully implemented in the UK public sector finances, as such, are accounted for in total managed expenditure (TME) but not total expenditure on services (TES). Back to table

Comparisons with existing publications

As with revenue, the CRPSF is consistent with the UK PSF. The underlying expenditure data used in the UK PSF for central government are HMT's OSCAR database, as is with the CRA publication. Similarly, for local government expenditure, the main data sources are MHCLG and the devolved administrations. Where necessary, CRA data are amended or accounting adjustments are used to ensure the CRPSF is consistent with the UK PSF expenditure aggregate of TME.

The Scottish Government's Government Expenditure and Revenue Scotland (GERS) uses the CRA as its primary data source and uses additional data and methodologies to estimate expenditure for the most recent financial year. The GERS publication also looks to maintain consistency with the UK PSF expenditure aggregate of TME. However, it has not been possible for the CRPSF to match the methodological progress made in this publication, either because of the availability of data at the NUTS1 level or time constraints. In some cases, the ONS has chosen a different methodology. Differences fall into two areas:

Amendments to CRA data:

- GERS makes a number of amendments to CRA -- details of the amendments can be found in GERS publications; the ONS has not been able to include similar amendments in this experimental version of the CRPSF or consider them in the context of other NUTS1 regions partly because of time constraints

- the ONS has chosen a different method for apportioning R&D and SUME adjustments related to the European System of Accounts 2010 (ESA 2010); this is because of the availability of additional ONS data as well as the need to consider these adjustments in the context of other NUTS1 regions

Accounting adjustments:

Our methods for apportioning expenditure accounting adjustments are largely consistent with GERS. An example of an accounting adjustment where our methodologies differ is the imputed subsidy from local authorities to the Housing Revenue Account, which Scotland apportion using the Scottish share of UK housing revenue account rent.

GERS for the FYE 2019 does not include all of the PSF changes that have since been implemented and therefore included in this CRPSF publication. GERS for the FYE 2020 will include these changes for the first time.

37 . Annex A : Main terms

Table 6: Main terms and definitions for country and regional public sector finances

Term	Definition
A disaggregation of HM Revenue and Customs (HMRC) tax receipts (DoTR)	An annual publication by HM Revenue and Customs (HMRC) that presents country level breakdowns for each of the taxes collected by HMRC. The disaggregation involves apportioning UK totals to England, Northern Ireland, Scotland and Wales.
Accruals and accrued recording	Financial recording based on when ownership transfers or the service is provided (sometimes different to when cash is paid).
Cash recording	Financial recording based on when cash is paid or received. Net cash requirement is recorded on a cash basis and net debt is close to being a cash measure.
Combined authorities	Legal bodies set up using national legislation that enable a group of two or more councils to collaborate and take collective decisions across council boundaries. Some local authorities secured devolution deals and have in place directly elected mayors.
Country and regional analysis (CRA)	An annual publication by Her Majesty’s Treasury that is usually published around November. It is the primary source of data on expenditure by government and the broader public sector at country and regional level.
Current budget balance or Current budget deficit	The gap between current expenditure and current receipts (having taken account of capital consumption).
Current expenditure	Spending on government activities including: social benefits, interest payments, and other government department spending (excluding spending on capital assets).
Current receipts or Current revenue	Income mainly from taxes (for example, Value Added Tax (VAT), income and Corporation Taxes) but also includes interest, dividend and rent income.
Devolved administrations	The governments associated with the devolved legislatures of Scotland, Wales and Northern Ireland – namely the Scottish government, the Welsh government and the Northern Ireland Executive.
European System of Accounts 2010: ESA 2010	Provides the framework and rules governing the production of national accounts in each member state of the European Union. Compliance is a European legal requirement. The framework is based on the wider international framework set out in the System of National Accounts 2008: SNA 2008.
Financial year	The UK financial year runs from start April to end March in the following calendar year. Data on the country and regional public sector finances is presented on a financial year basis. In this bulletin, the financial year commencing April 2014 and ending March 2015 would be represented as financial year ending (FYE) 2015.
Fiscal policy	The means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy.
Government Expenditure and Revenue Scotland (GERS)	An annual publication that provides an estimate of public sector finances such as the expenditure, revenue and net fiscal balance attributable to Scotland.
Indicator dataset	A dataset used to apportion a revenue or expenditure item at the UK level to obtain country and regional estimates.
Public sector net borrowing	Measures the gap between revenue raised (current receipts) and total spending (current expenditure plus net investment). A positive value indicates borrowing while a negative value indicates a surplus.
Public sector net debt	A measure of how much the government owes at a point in time. The measure is net of any liquid assets held.

Public sector net cash requirement	The amount the government needs to raise to meet the shortfall in net borrowing. The figure is measured in cash terms rather than accruals.
Net fiscal balance	The gap between revenue raised (current revenue) and total spending (current expenditure plus net capital expenditure). A positive net fiscal balance figure represents a deficit, meaning that a country or region is spending more than it is receiving in revenue and a negative net fiscal balance represents a surplus, meaning a country or region is spending less than it is receiving in revenue.
Net investment	Spending on capital assets, for example, infrastructure projects, property and IT equipment, both as grants and by public sector bodies themselves minus capital receipts (sale of capital assets).
NUTS1	The largest geographic areas within the Nomenclature of Territorial Units for Statistics (NUTS). The UK territory is divided into 12 NUTS1 regions.
Northern Ireland Net Fiscal Balance Report (NINFBR)	An annual publication that provides an estimate of public sector finances such as the expenditure, revenue and net fiscal balance attributable to Northern Ireland.
Public sector expenditure	The total capital and current spending (mainly wages and salaries, goods and services and expenditure on fixed capital, but also subsidies, social benefits and other transfers) of central government and local government bodies as well as public sector controlled corporations. It is recorded on an accrued basis, following national accounts rules.
Public sector finances (PSF)	A monthly joint publication between ONS and Her Majesty’s Treasury (HMT) that provides the latest information on the UK government’s public sector net borrowing, net debt and net cash requirement.
Public sector revenue	The total current income (mainly taxes, but also social contributions, interest, dividends and transfers) received by central government and local government bodies as well as public sector controlled corporations. It is recorded on an accrued basis, following national accounts rules.
Sub-UK	The countries and regions of the UK (NUTS1).

Source: Office for National Statistics