

Compendium

# UK National Accounts, The Blue Book: 2024

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

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Next release:  
To be announced

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# An introduction to the UK National Accounts

Chapter summary and overview of the national and sector accounts.

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# 1 . Overview of the Blue Book

UK National Accounts, The Blue Book was first published in August 1952 and presents a full set of economic accounts (national accounts) for the UK. These accounts are compiled by the Office for National Statistics (ONS). They record and describe economic activity in the UK and are used to support the formulation and monitoring of economic and social policies.

## Important notes on Blue Book 2024

### Annual chain-linking and updating the base year

Volume estimates of UK gross domestic product (GDP) are produced via a process known as chain-linking. This is so our estimates of GDP reflect our latest estimates on the structure of the UK economy. The last base year is typically moved forward by one year as part of the process of annual chain-linking. We explain this process in further detail in our [Chain-linking methods used within the UK National Accounts methodology](#).

However, in Blue Book 2022 and 2023, the last base year remained at 2019 to avoid the coronavirus (COVID-19) pandemic-affected economy structure of recent years having an impact on subsequent periods. The effect of the coronavirus pandemic led to very large movements in industry-level estimates of gross value added (GVA), so these structures were unlikely to reflect more "normal" times. In addition, moving the last base year on to 2020 or 2021 would likely have led to unusual movements in our GDP volume series. Therefore, in line with international guidance, we kept the base year under review.

In Blue Book 2024, we have returned to our pre-pandemic approach to chain-linking and have moved the last base year on to 2022 as part of our production process. Because the base year has been moved forward over a longer time period than usual, the revisions to volume estimates as a result of changing base years may be larger than usual in Blue Book 2024.

## Content of Blue Book 2024

Note that the chapter numbers refer to the worksheet numbering sequence in our accompanying data tables.

### Chapter 1

[Chapter 1](#) of the Blue Book provides a summary of the UK National Accounts, including explanations and tables covering the main national and domestic aggregates, for example:

- GDP at current market prices and chained volume measures
- GDP deflator
- GVA at basic prices
- gross national income (GNI)
- gross national disposable income (GNDI)
- population estimates
- employment estimates
- GDP per head
- the UK Summary Accounts (the goods and services account, production accounts, distribution and use of income accounts, and accumulation accounts)

Chapter 1 also includes details of revisions to data since Blue Book 2022.

## Chapter 2

[Chapter 2](#) includes:

- input-output supply and use tables
- analyses of GVA at current market prices and chained volume measures
- capital formation
- workforce jobs by industry

## Chapters 3 to 7

[Chapter 3](#), [Chapter 4](#), [Chapter 5](#), [Chapter 6](#) and [Chapter 7](#) provide:

- a description of the institutional sectors
- the sequence of the accounts and balance sheets
- an explanation of the statistical adjustment items needed to reconcile the accounts
- the fullest available set of accounts providing transactions by sectors and appropriate subsectors of the economy (including the rest of the world)

## Chapters 8 to 11

[Chapter 8](#), [Chapter 9](#), [Chapter 10](#) and [Chapter 11](#) cover additional analysis and include:

- supplementary tables for gross fixed capital formation (GFCF), national balance sheet and public sector
- statistics for international purposes

## Chapter 12

[Chapter 12](#) covers the UK Environmental Accounts.

## Chapter 13

[Chapter 13](#) covers flow of funds.

# 2 . Overview of the UK National Accounts and sector accounts

In the UK, priority is given to the production of a single gross domestic product (GDP) estimate using income, production and expenditure data. Further analysis is available on:

- income analysis at current prices
- expenditure analysis at both current prices and chained volume measures
- value added analysis compiled on a quarterly basis in chained volume measures only

Income, capital and financial accounts are produced for non-financial corporations, financial corporations, general government, households and non-profit institutions serving households (NPISH).

The accounts are fully integrated but with a statistical discrepancy (known as the statistical adjustment), shown for each sector account. This reflects the difference between the sector net borrowing or lending from the capital account, and the identified borrowing or lending in the financial accounts, which should theoretically be equal.

Financial transactions and balance sheets are produced for the rest of the world sector in respect of its dealings with the UK.

## **An introduction to sector accounts**

The sector accounts summarise the transactions of particular groups of institutions within the economy. They show how the income from production is distributed and redistributed, and how savings are used to add wealth through investment in physical or financial assets.

### **Institutional sectors**

The accounting framework identifies two kinds of institutions: consuming units (mainly households) and production units (mainly corporations, non-profit institutions, or government).

Units can own goods and assets, incur liabilities, and engage in economic activities and transactions with other units. All units are classified into one of five sectors:

- non-financial corporations
- financial corporations
- general government
- households and NPISH
- rest of the world

## **Types of transactions**

There are three main types of transactions.

### **Transactions in products**

Transactions in products are related to goods and services. They include output, intermediate and final consumption, gross capital formation, and exports and imports.

### **Distributive transactions**

Distributive transactions transfer income or wealth between units of the economy. They include property income, taxes and subsidies, social contributions and benefits, and other current or capital transfers.

### **Financial transactions**

Financial transactions differ from distributive transactions in that they relate to transactions in financial claims, whereas distributive transactions are unrequited. The main categories in the classification of financial instruments are:

- monetary gold and special drawing rights
- currency and deposits
- debt securities
- loans
- equity and investment fund shares or units
- insurance, pension and standardised guarantee schemes
- financial derivatives and employee stock options
- other accounts receivable or payable

### 3 . Summary of changes

For Blue Book and Pink Book 2024, we have only incorporated a small number of methodological changes. These changes primarily affect the years 2020 to 2023, as well as the first two quarters of 2024. These affect current price and volume improvements and include:

- the implementation of outstanding classification decisions affecting the public sector
- improvements to healthcare volumes, with more comprehensive data replacing less detailed sources
- improvements to the UK trade gas exports deflator

We have published information about these improvements, and their associated data impacts in our [Proposed changes to be implemented in Blue Book and Pink Book: 2024 article](#) and [Blue Book 2024: advanced aggregate estimates article](#).

#### Public sector finances

To improve the alignment of the national accounts and public sector finances publications, Blue Book 2024 has included the effects of the Classification assessment of Bulb Energy Limited.

In April 2022, the Office for National Statistics (ONS) reviewed the classification status and concluded that Bulb is a market body subject to public sector control. Therefore, Bulb was classified to the public non-financial corporations subsector within the public sector. For further information, see our statement on the [Classification of Bulb Energy Limited](#). This change impacts the period from November 2021 to December 2022.

The subsequent [Classification of the transfer of Bulb Energy Limited \(in special administration\) to Octopus Group Limited](#) (August 2023) is expected to be implemented into the Public Sector Finances in the next 12 months, and will also be implemented in a future Blue Book.

Many economic statistic classification decisions into or out of the public sector are implemented by the relevant government departments, and the data flow automatically into the public sector finances and the national accounts from our regular data deliveries. For this reason, they are not always separately identifiable. Occasionally there are more complex classification decisions which require additional work to implement into our relevant economic statistics. Bulb Energy is an example of this.

#### Government healthcare services

For Blue Book 2024, we have a more comprehensive set of data covering the volume of government healthcare services delivered over 2021. This replaces the less detailed data sources currently used to produce volume estimates.

## Deflator improvements

Following improvements made to the price measurement of gas imports within our trade figures in 2022, we have now introduced improvements to our UK trade gas exports deflator. For further details, see our [Methodological improvements to UK trade and gross domestic product \(GDP\) article](#).

## 4 . The basic accounting framework

The accounting framework provides a systematic and detailed description of the UK economy, including sector accounts and the input-output framework.

All elements required to compile aggregate measures, such as gross domestic product (GDP), gross national income (GNI), saving and the current external balance (the balance of payments) are included.

The economic accounts provide the framework for a system of volume and price indices, to allow chained volume measures of aggregates such as GDP to be produced. In this system, value added, from the production approach, is measured at basic prices (including other taxes less subsidies on production but not on products) rather than at factor cost (which excludes all taxes less subsidies on production).

The whole economy is subdivided into institutional sectors with current price accounts running in sequence from the production account through to the balance sheet.

The accounts for the whole UK economy and its counterpart, the rest of the world, follow a similar structure to the UK sectors, although several of the rest of the world accounts are collapsed into a single account as they can never be complete when viewed from a UK perspective.

## 5 . Table numbering system

The table numbering system is designed to show relationships between the UK, its sectors and the rest of the world. For accounts drawn directly from the European System of Accounts (ESA) 2010, a three-part numbering system is used; the first two digits denote the sector and the third digit denotes the ESA 2010 account. Not all sectors can have all types of account, so the numbering is not necessarily consecutive within each sector's chapter.

The rest of the world's identified components of accounts 2 to 6 are given in a single account numbered 2. UK whole economy accounts consistent with ESA 2010 are given in Section 1.6 as a time series and in Section 1.7 in a detailed matrix identifying all sectors, the rest of the world and the UK total.

The ESA 2010 code for each series is shown in the left-hand column, using the following prefixes:

- S for the classification of institutional sectors
- P for transactions in products
- D for distributive transactions
- F for transactions in financial assets and liabilities
- K for other changes in assets
- B for balancing items and net worth

Within the financial balance sheets, the following prefixes are used: AF for financial assets and liabilities, and AN for non-financial assets and liabilities.

## 6 . The purpose of an account

An account records and displays all flows and stocks for a given aspect of economic life. The sum of resources is equal to the sum of uses, with a balancing item to ensure this equality.

The system of economic accounts allows the build-up of accounts for different areas of the economy, highlighting, for example, production, income and financial transactions.

Accounts may be elaborated and set out for different institutional units or sectors (groups of units).

Usually a balancing item has to be introduced between the total resources and total uses of these units or sectors. When summed across the whole economy, these balancing items constitute significant aggregates.

## 7 . The integrated economic accounts

The integrated economic accounts of the UK provide an overall view of the economy. The accounts are grouped into four main categories:

- goods and services accounts
- current accounts
- accumulation accounts
- balance sheets

## 8 . The goods and services account (Account 0)

The goods and services account is a transactions account, balancing total resources, from outputs and imports, against the uses of these resources in consumption, investment, inventories and exports. No balancing item is required as the resources are simply balanced with the uses.

## 9 . Current accounts: the production and distribution of income accounts

### The production account (Account I)

This account displays transactions involved in the generation of income by the activity of producing goods and services. The balancing item is value added (B.1). For the nation's accounts, the balancing items (the sum of value added for all industries) are (after the addition of taxes less subsidies on products) gross domestic product (GDP) at market prices or net domestic product when measured net of capital consumption. The production accounts are also shown for each industrial sector.

### The distribution and use of income account (Account II)

This account shows the distribution of current income (value added) carried forward from the production account and has saving as its balancing item (B.8). Saving is the difference between income (disposable income) and expenditure (or final consumption).

The distribution of income comprises four sub-accounts:

- primary distribution of income account
- secondary distribution of income
- redistribution of income in kind
- use of income account

### **The allocation of primary income account (Account II.2.1)**

Primary incomes are accrued to institutional units because of their involvement in production or their ownership of productive assets. They include property income (from lending or renting assets) and taxes on production and imports. They exclude taxes on income or wealth, social contributions or benefits, and other current transfers.

The primary distribution of income shows the way these are distributed among institutional units and sectors. The primary distribution account is divided into two sub-accounts: the generation and the allocation of primary incomes.

### **The secondary distribution of income account (Account II.2)**

This account describes how the balance of primary income for each institutional sector is allocated by redistribution, through transfers such as taxes on income, wealth and so on, social contributions and benefits, and other current transfers. It excludes social transfers in kind.

The balancing item of this account is gross disposable income (B.6g), which reflects current transactions and explicitly excludes capital transfers, real holding gains and losses, and the consequences of events such as natural disasters.

### **The redistribution of income in kind account (Account II.3)**

This account shows how gross disposable income of households, non-profit institutions serving households (NPISH), and government are transformed by the receipt and payment of transfers in kind. The balancing item for this account is adjusted gross disposable income (B.7g).

### **The use of income account (Account II.4)**

The use of income account shows how disposable income is divided between final consumption expenditure and saving. In addition, the use of income account includes, for households and for pensions, an adjustment item (D.8: adjustment for the change in pension entitlements), which relates to the way that transactions between households and pension funds are recorded.

### **The accumulation accounts (Account III)**

These accounts cover all changes in assets, liabilities and net worth. The accounts are structured into two groups. The first group covers transactions that would correspond to all changes in assets, liabilities and net worth that result from transactions and are known as the capital account and the financial account. They are distinguished to show the balancing item net lending or borrowing.

The second group relates to all changes in assets, liabilities and net worth related to other factors, for example, the discovery or re-evaluation of mineral reserves or the reclassification of a body from one sector to another.

## **The capital account (Account III.1)**

The capital account is presented in two parts.

The first part shows that saving (B.8g), the balance between national disposable income and final consumption expenditure from the production and distribution and use of income accounts, is reduced or increased by the balance of capital transfers (D.9) to provide an amount available for financing investment (in both non-financial and financial assets).

The second part shows total investment in non-financial assets. This is the sum of gross fixed capital formation (P.51g), changes in inventories (P.52), acquisitions less disposals of valuables (P.53) and acquisitions less disposals of non-financial non-produced assets (NP). The balance on the capital account is known as net lending or borrowing. Conceptually, net lending or borrowing for all the domestic sectors represents net lending or borrowing to the rest of the world sector.

If actual investment is lower than the amount available for investment, the balance will be positive, representing net lending. Similarly, when the balance is negative, borrowing is represented. Where the capital accounts relate to the individual institutional sectors, the net lending or borrowing of a particular sector represents the amounts available for lending or borrowing to other sectors. The value of net lending or net borrowing is the same, irrespective of whether the accounts are shown before or after deducting consumption of fixed capital (P.51c), provided a consistent approach is adopted throughout.

## **The financial account (Account III.2)**

This account shows how net lending and borrowing are achieved by transactions in financial instruments. The net acquisitions of financial assets are shown separately from the net incurrence of liabilities. The balancing item is net lending or borrowing.

In principle, net lending or borrowing should be identical for both the capital account and the financial account. In practice, however, because of errors and omissions, this identity is very difficult to achieve for the sectors and the economy as a whole. The difference is known as a statistical adjustment.

## **The other changes in assets account (Account III.3)**

The other changes in assets account is concerned with the recording of changes in the values of assets and liabilities, and therefore of the changes in net worth, between opening and closing balance sheets. that result from flows that are not transactions ("other flows").

This account is further subdivided into:

- the other changes in the volume of assets account, III.3.1
- the revaluation account, III.3.2.

The other changes in the volume of assets account records the changes in assets, liabilities and net worth between opening and closing balance sheets that are neither because of transactions between institutional units (as recorded in the capital and financial accounts) nor holding gains and losses, (as recorded in the revaluation account). Examples include reclassifications and write-offs. The balancing item for this account is other changes in volume (B.102).

The revaluation account records holding gains or losses accruing during the accounting period to the owners of financial and non-financial assets and liabilities. The balancing item for this account is nominal holding gains and losses (B.103).

## The balance sheet (Account IV)

The second group of accumulation accounts complete the sequence of accounts. These include the balance sheets and a reconciliation of the changes that have brought about the change in net worth between the beginning and end of the accounting period.

The opening and closing balance sheets show how total holdings of assets by the UK or its sectors match total liabilities and net worth (the balancing item). Various types of assets and liabilities can be shown in the detailed presentations of the balance sheets. Changes between the opening and closing balance sheets for each group of assets and liabilities result from transactions and other flows recorded in the accumulation accounts or reclassifications and revaluations.

Net worth equals changes in assets less changes in liabilities.

## The rest of the world account (Account V)

This account covers the transactions between resident and non-resident institutional units and the related stocks of assets and liabilities. Written from the point of view of the rest of the world, its role is similar to an institutional sector.

# 10 . Satellite accounts

Satellite accounts cover areas or activities not included in the central framework because they either add additional detail to an already complex system, or conflict with the conceptual framework. The UK Environmental Accounts are satellite accounts linking environmental and economic data to show the interactions between the economy and the environment.

See [Environmental accounts](#) for further information.

## The limits of the national economy: economic territory, residence and centre of economic interest

### Economic territory and residence of economic interest

The economy of the UK is made up of institutional units that have a centre of economic interest in the UK economic territory. These units are known as resident units, and it is their transactions that are recorded in the UK National Accounts.

### UK economic territory

The UK economic territory includes:

- Great Britain and Northern Ireland (the geographic territory administered by the UK government within which persons, goods, services and capital move freely)
- any free zones, including bonded warehouses and factories under UK customs control
- the national airspace, UK territorial waters and the UK sector of the continental shelf
- the UK economic territory excludes Crown dependencies (Channel Islands and the Isle of Man)

## ESA 2010 economic territory

Within the European System of Accounts (ESA) 2010, which the UK still follows, the definition of economic territory also includes territorial enclaves in the rest of the world. These include embassies, military bases, scientific stations, information or immigration offices and aid agencies used by the British government with the formal political agreement of the governments in which these units are located.

However, it excludes any extra territorial enclaves, that is, parts of the UK geographic territory like embassies and United States military bases used by general government agencies of other countries, by the institutions of the EU, or by international organisations under treaties or by agreement.

## Centre of economic interest

When an institutional unit engages and intends to continue engaging (normally for one year or more) in economic activities on a significant scale from a location (dwelling or place of production) within the UK economic territory, it is defined as having a centre of economic interest and is a resident of the UK.

If a unit conducts transactions on the economic territory of several countries, it has a centre of economic interest in each of them.

Ownership of land and structures in the UK is enough to qualify the owner to have a centre of interest in the UK.

## Residency

Resident units are:

- households
- legal and social entities such as corporations and quasi corporations, for example, branches of foreign investors
- non-profit institutions
- government
- so-called "notional residents"

Travellers, cross-border and seasonal workers, crews of ships and aircraft, and students studying overseas are all residents of their home countries and remain members of their households.

When an individual leaves the UK for one year or more (excluding students and patients receiving medical treatment), they cease being a member of a resident household and become a non-resident, even on home visits.

# 11 . Production included in economic activity

Gross domestic product (GDP) is defined as the sum of all economic activity taking place in UK territory. In practice, a "production boundary" is defined, inside which are all the economic activities taken to contribute to economic performance. To decide whether to include a particular activity within the production boundary, the following factors are considered:

- Does the activity produce a useful output?
- Is the product or activity marketable and does it have a market value?
- If the product does not have a meaningful market value, can one be assigned (imputed)?
- Would exclusion (or inclusion) of the product of the activity make comparisons between countries over time more meaningful?

The following are recorded within the European System of Accounts (ESA) 2010 production boundary:

- production of individual and collective services by government
- own-account production of housing services by owner-occupiers
- production of goods for own final consumption, for example, agricultural products
- own-account construction, including that by households
- production of services by paid domestic staff
- breeding of fish in fish farms
- production forbidden by law, as long as all units involved in the transaction enter into it voluntarily
- production from which the revenues are not declared in full to the fiscal authorities, for example, clandestine production of textiles

The following fall outside the production boundary:

- domestic and personal services produced and consumed within the same household, for example, cleaning, the preparation of meals, or the care of sick or elderly people
- volunteer services that do not lead to the production of goods, for example, caretaking and cleaning without payment
- natural breeding of fish in open seas

## **12 . Prices used to value the products of economic activity**

In the UK, a number of different prices may be used to value inputs, outputs and purchases. The prices are different depending on the perception of the bodies engaged in the transaction, that is, the producer and user of a product will usually perceive the value of the product differently. This means that the output prices received by producers can be distinguished from the prices paid by producers.

## Basic prices

Basic prices are the preferred method of valuing output in the accounts.

They are the amount received by the producer for a unit of goods or Services  
minus any taxes payable  
plus  
any subsidy receivable as a consequence of production or sale.

The only taxes included in the price will be taxes on the output process, for example, business rates and Vehicle Excise Duty, which are not specifically levied on the production of a unit of output. Basic prices exclude any transport charges invoiced separately by the producer. When a valuation at basic prices is not feasible, producers' prices may be used.

## Producers' prices

Producers' prices are basic prices  
plus  
those taxes paid per unit of output (other than taxes deductible by the purchaser such as Value Added Tax (VAT), invoiced for output sold) minus  
any subsidies received per unit of output

## Purchasers' or market prices

Purchasers' or market prices are the prices paid by the purchaser and include transport costs, trade margins and taxes (unless the taxes are deductible by the purchaser).

Purchasers' or market prices are producers' prices  
plus  
any non-deductible VAT or similar tax payable by the purchaser  
plus  
transport costs paid separately by the purchaser (not included in the producers' price).

## The rest of the world: national and domestic

Domestic product (or income) includes production (or primary incomes generated and distributed) resulting from all activities taking place "at home" or in the UK domestic territory.

This will include production by any foreign-owned company in the UK, but exclude any income earned by UK residents from production taking place outside the domestic territory.

Gross domestic product (GDP)  
equals  
the sum of primary incomes distributed by resident producer prices.

The definition of gross national income (GNI) is GDP plus income received from other countries (notably interest and dividends), less similar payments made to other countries.

GDP  
plus  
net property income  
equals  
GNI.

This can be introduced by considering the primary incomes distributed by the resident producer units. Primary incomes, generated in the production activity of resident producer units, are distributed mostly to other residents' institutional units.

For example, when a resident producer unit is owned by a foreign company, some of the primary incomes generated by the producer unit are likely to be paid abroad. Similarly, some primary incomes generated in the rest of the world may go to resident units. It is therefore necessary to exclude that part of resident producers' primary income paid abroad, but include the primary incomes generated abroad but paid to resident units.

GDP (or income)  
less  
primary incomes payable to non-resident units  
plus  
primary incomes receivable from the rest of the world  
equals  
GNI.

GNI at market prices  
equals  
the sum of gross primary incomes receivable by resident institutional units or sectors.

National income includes income earned by residents of the national territory, remitted (or deemed to be remitted in the case of direct investment) to the national territory, no matter where the income is earned.

Real GDP (chained volume measures)  
plus trading gain  
equals  
real gross domestic income (RGDI).

RGDI  
plus  
real primary incomes receivable from abroad  
less  
real primary incomes payable abroad  
equals  
real GNI.

Real GNI (chained volume measures)  
plus  
real current transfers from abroad  
less  
real current transfers abroad  
equals  
real gross national disposable income (GNDI).

Receivables and transfers of primary incomes, and transfers to and from abroad, are deflated using the gross domestic final expenditure deflator.

## 13 . Gross domestic product: the concept of net and gross

The term gross means that, when measuring domestic production, capital consumption or depreciation has not been allowed for.

Capital goods are different from the materials and fuels used up in the production process because they are not used up in the period of account but are instrumental in allowing that process to take place.

However, over time, capital goods wear out or become obsolete and in this sense gross domestic product (GDP) does not give a true picture of value added in the economy. When calculating value added as the difference between output and costs, we should also show that part of the capital goods are used up during the production process (the depreciation of capital assets).

Net concepts are net of this capital depreciation, for example:

GDP  
minus  
consumption of fixed capital  
equals  
net domestic product.

## 14 . Symbols used

In general, the following symbols are used in our tables:

.. denotes not available  
— denotes nil or less than £500,000  
£ billion denotes £1,000 million

## 15 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Introduction to the UK National Accounts, UK National Accounts, The Blue Book: 2024](#)

# National accounts at a glance

A summary of recent trends and movements within the UK economy.

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# 1 . Overview

All UK figures referred to in this section are consistent with Blue Book 2024, which contains data and methodological improvements affecting estimates that are produced as part of the national accounts. These latest estimates achieve a higher level of accuracy. However, these more recent statistics should still be considered provisional and remain subject to revision in future annual national accounts publications.

Revisions can still occur when there are data changes or methodological improvements that are required to ensure data comparability over time. The nature and impact of any such revisions are communicated in line with the [National Accounts Revisions Policy](#).

## 2 . Gross domestic product

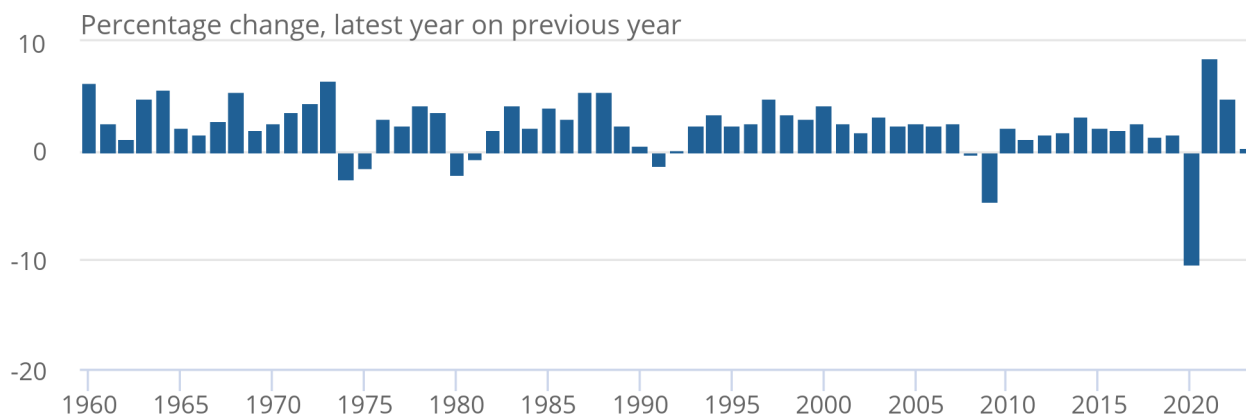
Real gross domestic product (GDP) is estimated to have increased by 0.3% in 2023, following a recovery from the impacts of the coronavirus (COVID-19) pandemic over the two previous years (Figure 1). The economy temporarily contracted in the second half of 2023, leaving GDP in Quarter 4 (Oct to Dec) 0.3% lower, compared with its level a year ago. This slowdown was primarily caused by a combination of higher living costs and tighter financial conditions. There was an increase in activity in the first half of 2024.

**Figure 1: The UK economy increased by 0.3% in 2023 compared with 2022**

Real annual gross domestic product, UK, 1960 to 2023

Figure 1: The UK economy increased by 0.3% in 2023 compared with 2022

Real annual gross domestic product, UK, 1960 to 2023



Source: Blue Book 2024 from the Office for National Statistics

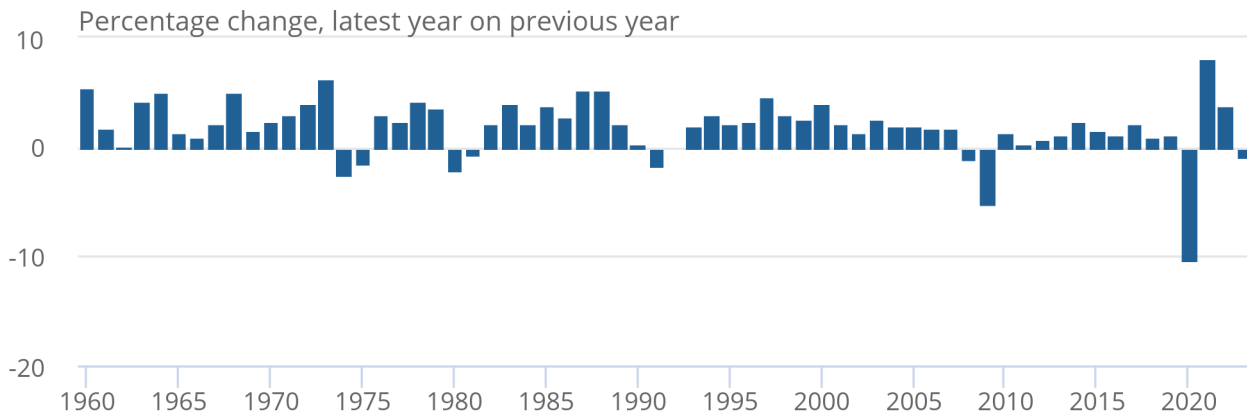
GDP is a measure of the total output produced in a particular country and GDP per head is one indicator of a country's living standards. GDP per head fell by 0.8% in 2023, as the population increased at a faster rate than the volume of output produced. As discussed in our [Population estimates for the UK, England, Wales, Scotland and Northern Ireland: mid-2023 bulletin](#), net international migration was the main contributor to the large increase in the UK population over the last two years. Natural change (births minus deaths) decreased to its slowest pace since the 1970s. The impact of net migration on [trends in UK real GDP per head](#) will also depend on its impact on hourly productivity, average hours worked, and the employment-to-population ratio.

## Figure 2: Real GDP per head fell by 0.8% in 2023 compared with 2022

Real annual gross domestic product (GDP) per head, UK, 1960 to 2023

### Figure 2: Real GDP per head fell by 0.8% in 2023 compared with 2022

Real annual gross domestic product (GDP) per head, UK, 1960 to 2023



Source: Blue Book 2024 from the Office for National Statistics

#### Notes:

1. In line with the [National Accounts Revisions Policy](#), the estimate of gross domestic product (GDP) per head for 2022 is consistent with mid-year population estimates as published on 15 July 2024, while 2023 estimates are consistent with 2021-based interim population projections, as published on 30 January 2024.
2. Population estimates used within estimates of real GDP per head have not yet fully incorporated the [latest population estimates for the UK](#).

### 3 . Net domestic product

Gross domestic product (GDP) is a production concept, but net domestic product (NDP) is more appropriate from a welfare and sustainability perspective. It reflects the level of resources that are available for consumption or investment, and is a rough proxy of the level of consumption that can be maintained while leaving capital assets intact. This is because NDP considers the depreciation of capital assets – that is, the capital that is consumed as part of the production process for GDP.

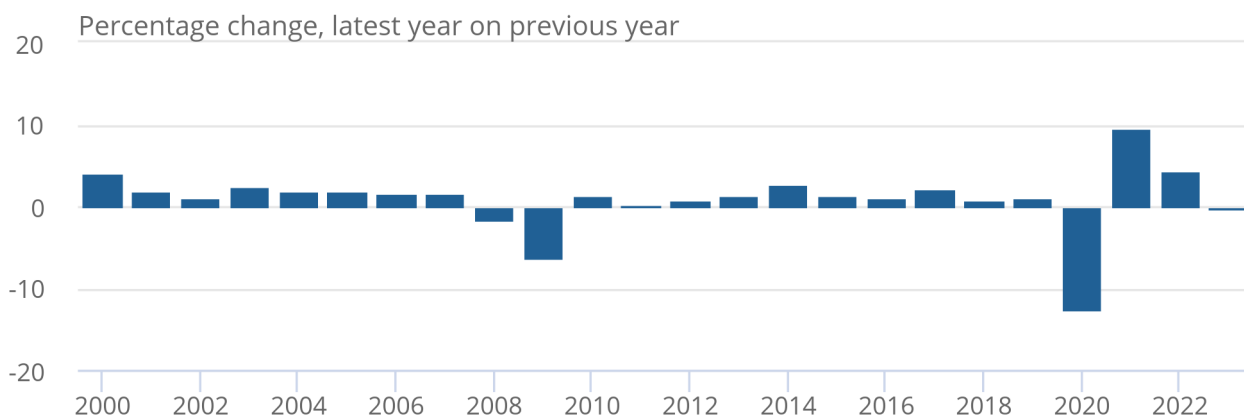
Real UK NDP is estimated to have increased by 0.8% in 2023, while real NDP per head is estimated to have fallen by 0.3% (see Figure 3), compared with a 0.8% decrease in real GDP per head. Real NDP has been increasing more quickly than real GDP over the last three years, after having decreased by more than real GDP in 2020. This is because consumption of fixed capital did not fall during the coronavirus (COVID-19) pandemic period, unlike other types of expenditure. Non-financial corporations account for most of this consumption of fixed capital, followed by households, and the general government.

**Figure 3: Real NDP per head fell by 0.3% in 2023 compared with 2022**

Real annual net domestic product (NDP) per head, UK, 2000 to 2023

Figure 3: Real NDP per head fell by 0.3% in 2023 compared with 2022

Real annual net domestic product (NDP) per head, UK, 2000 to 2023



Source: Blue Book 2024 from the Office for National Statistics

Notes:

1. In line with the [National Accounts Revisions Policy](#), the estimate of net domestic product (NDP) per head for 2022 is consistent with mid-year population estimates, as published on 15 July 2024. The 2023 estimate is consistent with 2021-based interim population projections, as published on 30 January 2024.
2. Population estimates used within estimates of real NDP per head have not yet fully incorporated the [latest population estimates for the UK](#).



## 4 . Economic welfare

Real gross domestic income (GDI) considers movements in the terms of trade (the ratio of an economy's export prices to import prices). This reflects the purchasing power of a nation's output over goods and services in the global market. An improvement in the terms of trade reflects that the price received for exports has increased, relative to the price paid for imports.

Real income is a measure that is linked to the sustainable level of consumption. It is also a measure that is "net" of depreciation, and includes the balances in net foreign income and transfers. It is deflated using the price of consumption expenditure, so that the volume of net output is valued in terms of consumption units. This a similar concept to real net national disposable income (NNDI) which uses a broader deflator of economic output.

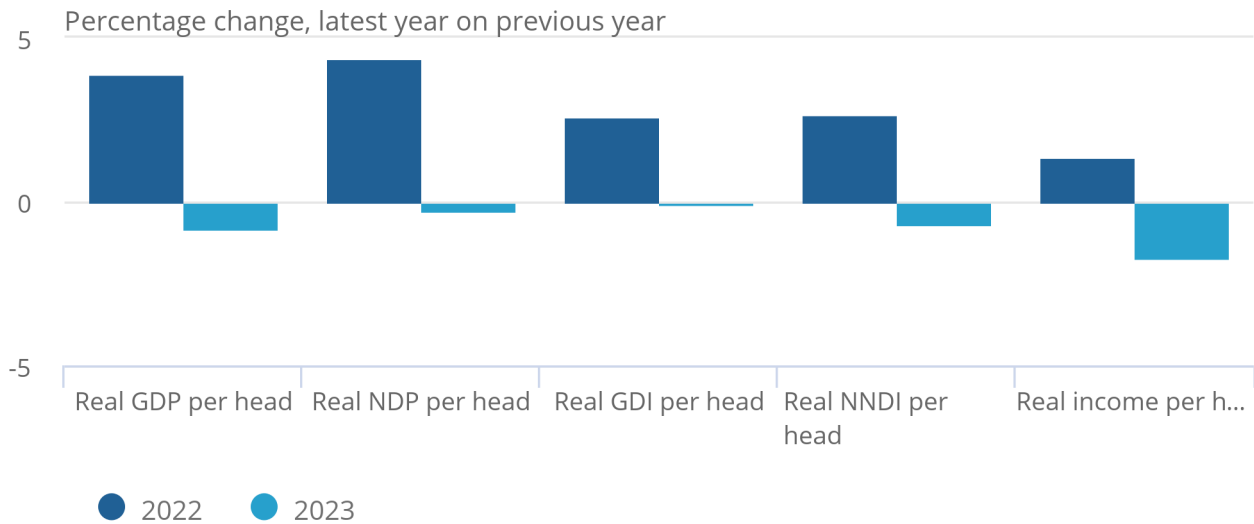
Figure 4 shows that these [economic welfare measures](#) declined in 2023 when compared with 2022 on a per head basis. Real GDI per head decreased slightly in 2023 by 0.1%, while the decline in real income per head was more pronounced at 1.7%, leaving both measures below their pre-coronavirus (COVID-19) pandemic levels from 2019. In addition to the increase in prices and in the UK total population, this decline in real income per head was also affected by a worsening in the primary income balance, which moved into a deficit position in 2023, as UK payments to foreign investors exceeded receipts from UK residents' investments abroad.

## Figure 4: Measures of economic welfare decreased in 2023, after having increased in 2022

Measures of income and output per head, UK, 2022 and 2023

### Figure 4: Measures of economic welfare decreased in 2023, after having increased in 2022

Measures of income and output per head, UK, 2022 and 2023



Source: Blue Book 2024 from the Office for National Statistics

#### Notes:

1. GDP denotes gross domestic product. NDP denotes net domestic product. NNDI denotes net national disposable income. GDI denotes gross disposable income.
2. Real income is equivalent to NNDI deflated by prices of final consumption expenditure.
3. In line with the [National Accounts Revisions Policy](#), the estimates of income and output per head for 2022 are consistent with mid-year population estimates, as published on 15 July 2024. The 2023 estimates are consistent with 2021-based interim population projections, as published on 30 January 2024.
4. Population estimates used within estimates of income and output per head have not yet fully incorporated the [latest population estimates for the UK](#).

## 5 . Output produced in the UK economy

Economic activity in the UK slowed in 2023 across industries. There was a fall in output produced in 8 out of the 20 industry groups, compared with a year ago. Out of the 12 industry groups that grew in 2023, 10 expanded at a slower pace compared with 2022.

Several consumer-facing industries reduced their economic activity in 2023, as the higher cost of living and slower employment growth reduced households' inclination to spend. This includes the "accommodation and food services" industry, where output fell by 4.6% in 2023. "Wholesale and retail trade activities (excluding motor vehicles)" also contracted in 2023. This seems to have affected some downstream industries too, such as "transport and storage". Output in the "distribution and hospitality" industry remained below its level from 2019.

Some business services reduced their output in 2023. For example, in the "information and communication" service, output fell by 2.1%. Economic activity in this industry group has increased because of coronavirus (COVID-19) pandemic restrictions, and output remains 16.2% above its 2019 level, despite last year's fall. "Professional, scientific and technical services" are another industry group where growth has slowed in 2023, while output was 12.9% above its pandemic level.

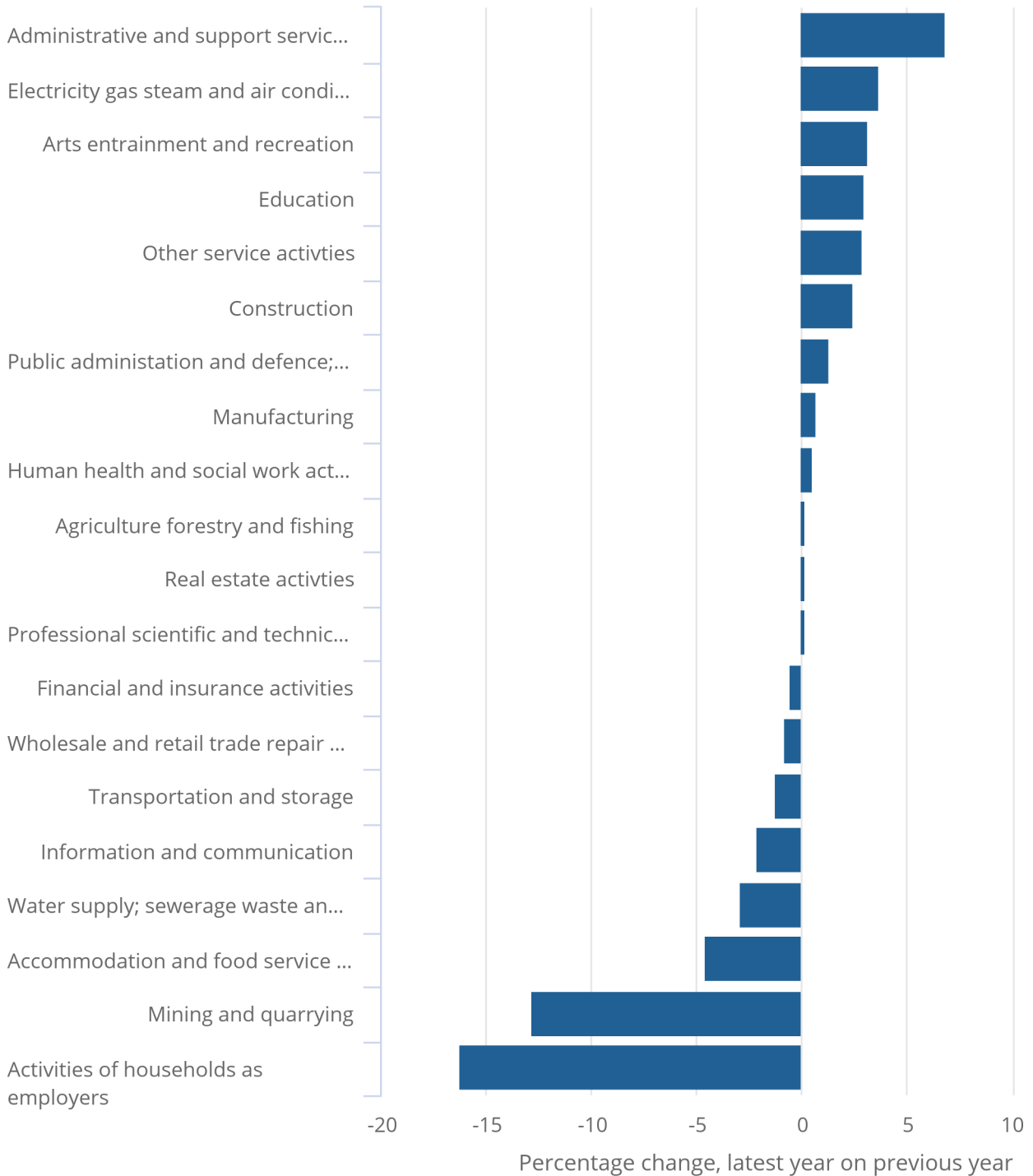
Economic activity increased by 6.8% and 3.0% in the "administrative and support services" and "education" industries, respectively, in 2023. The automotive sector also continued to recover, with output increasing by 13.5% for "vehicle trade and repairs" and by 20.7% for "vehicle production", for the third year in a row in 2023. Output in the construction sector increased by 2.5% in 2023.

**Figure 5: Economic output fell in 8 out of 20 industry groups in 2023**

Annual output (gross value added) growth in 2023 by industry group, UK

# Figure 5: Economic output fell in 8 out of 20 industry groups in 2023

Annual output (gross value added) growth in 2023 by industry group, UK



## 6 . Spending in the UK economy

Real household final consumption expenditure is estimated to have increased by 0.5% in 2023, (see Figure 6). The higher cost of living, tight financial conditions, and some cooling in the labour market led to a reduction in household spending during the year, with real consumption having declined by 0.7% in Quarter 4 (Oct to Dec) 2023, when compared with the same period a year ago. Although real household disposable income (RHDI) increased in 2023, household consumption did not keep up with this pace, pushing up the saving ratio to 7.4% in 2023, from 6.0% in 2022. Like consumer-facing services, spending on transport, hospitality, and some retail goods was the main area of household expenditure that remained below its pre-pandemic level.

Gross fixed capital formation is estimated to have been largely unchanged in 2023 (negative 0.1%), following increases of 7.6% in 2021 and 5.1% in 2022. On a cumulative basis, fixed investment was above its 2019 levels by 2.1%. This was mostly the result of higher government investment, while business investment remained slightly below its pre-pandemic levels. By type of asset, the increase in fixed investment was led by "machinery and equipment", when compared with other types of investment, such as "buildings" and "intellectual property".

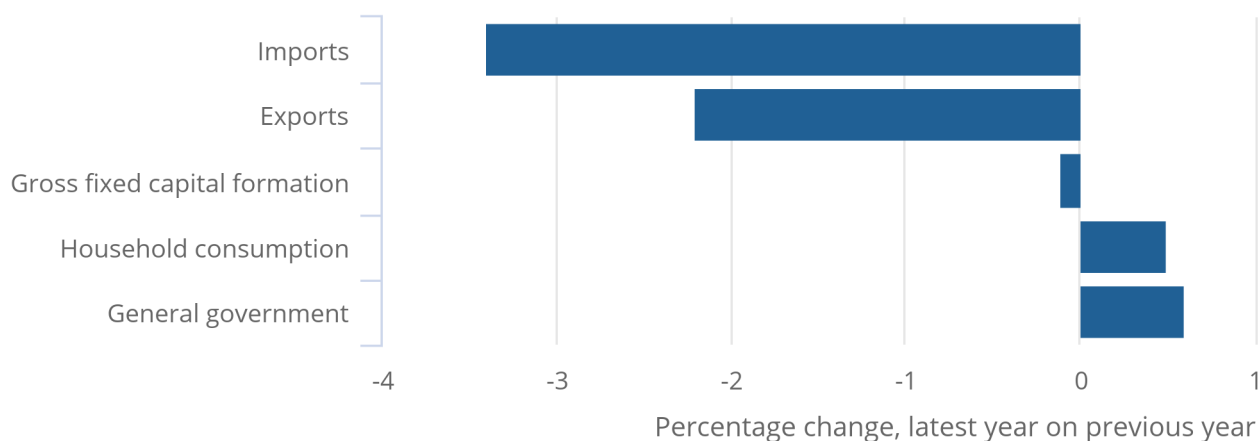
Trade volumes declined in 2023, as exports fell by 2.2%, while imports decreased by 3.4%. This more rapid decrease in imports relative to exports reduced the deficit in the UK's net trade balance, which improved its contribution to gross domestic product (GDP) growth. The UK's terms of trade improved by 2.1% in 2023. This was mainly caused by some moderation in energy prices from their peak levels in 2022.

**Figure 6: National expenditure increased while trade volumes fell in 2023**

Real expenditure annual growth rates, UK, 2023

Figure 6: National expenditure increased while trade volumes fell in 2023

Real expenditure annual growth rates, UK, 2023



Source: Blue Book 2024 from the Office for National Statistics



## 7 . Net lending and borrowing by institutional sector

The coronavirus (COVID-19) pandemic brought about large changes in income and expenditure, particularly for households and the general government. The concept of forced savings and government subsidies were important factors during pandemic restrictions in 2020 and 2021, and during the energy price shock following the start of the war in Ukraine.

General government net borrowing declined from its pandemic peak levels, but deficits remained wider compared with their pre-pandemic position, at 4.6% in 2022 and 5.7% in 2023. These government deficits were financed in both years by government net borrowing from UK financial corporations, and by current-account deficits with the rest of the world. In 2023, the household sector also returned to a net lending position (see Figure 7).

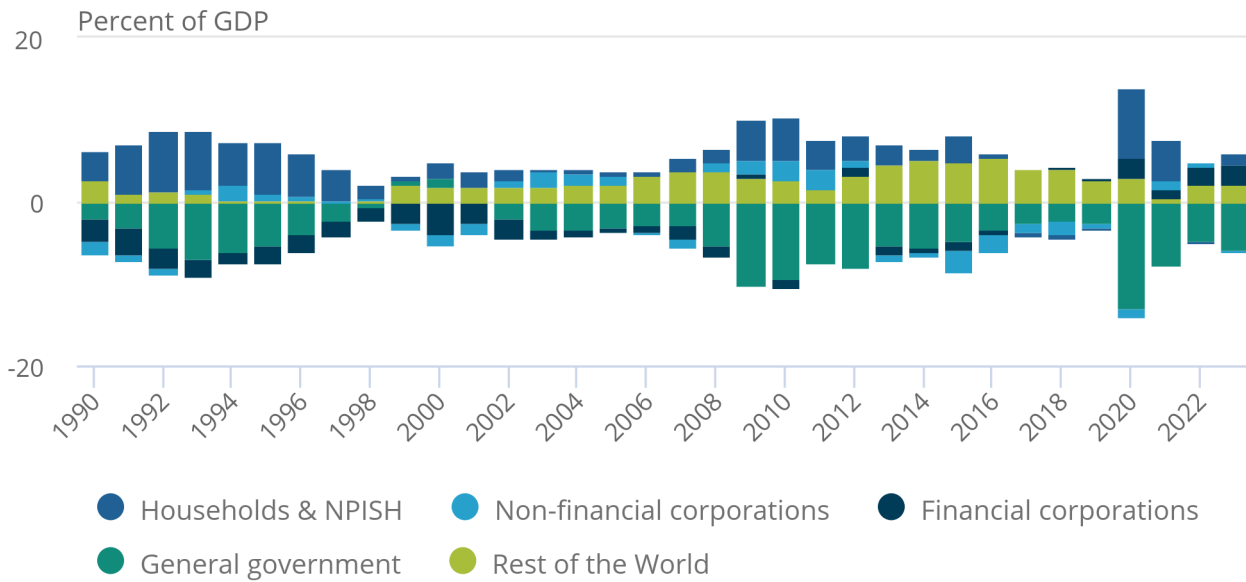
Households increased their net lending to 1.4% of gross domestic product (GDP) in 2023 from a net borrowing position in 2022. Similarly, UK financial corporations increased their net lending to 2.5% of GDP in 2023, from 2.3% in 2022. These higher household and financial sector surpluses were partly offset by private non-financial corporations (PNFCs) moving to a net borrowing position in 2023, from a net lending position in 2022. Net borrowing from the rest of the world was unchanged in 2023, at 2.2% of GDP.

## Figure 7: The general government increased its borrowing in 2023

Net lending (positive) and net borrowing (negative) position by institutional sector, UK, 1990 to 2023

### Figure 7: The general government increased its borrowing in 2023

Net lending (positive) and net borrowing (negative) position by institutional sector, UK, 1990 to 2023



Source: Blue Book 2024 from the Office for National Statistics

#### Notes:

1. These data are based on UK non-financial accounts.
2. NPISH denotes non-profit institutions serving households.
3. The sector accounts in some years do not sum to zero because of rounding.

## 8 . International comparison

Real gross domestic product (GDP) growth slowed in most G10 economies in 2023 (Figure 8). More information about the G10 countries can be found in our glossary. The US and Japan were the main exceptions and had the most rapid growth among the G10 last year. Growth rates were the lowest in Germany and Sweden, where economic output fell slightly in 2023.

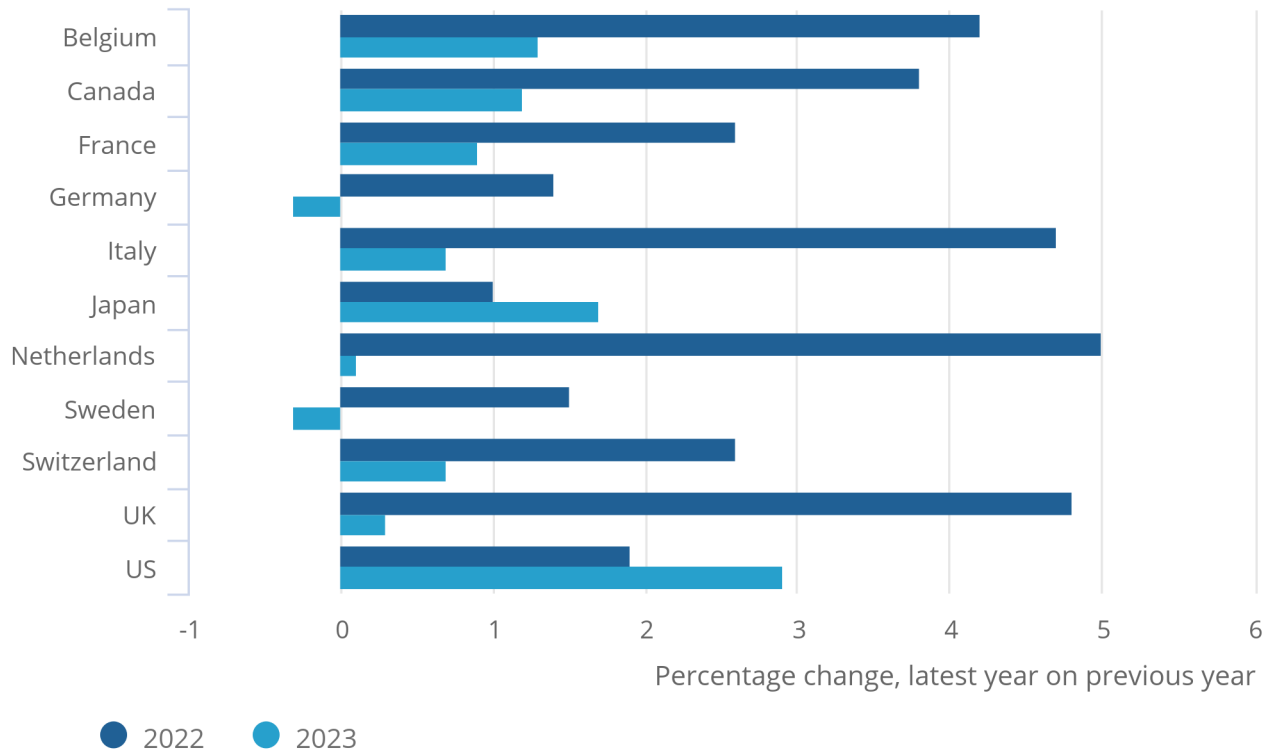
On a cumulative basis, the US economy grew the most among the G10, compared with its pre-coronavirus (COVID-19) pandemic level from 2019 (by 8.5% in 2023). This is partly because, in recent years, the saving ratio did not increase in the US, as much as it did in the UK, as US households more frequently spent any increases in their real disposable income. This in turn supported GDP growth. The German and Japanese economies grew the least over this period, (by 0.5% and 0.9%, respectively, based on Organisation for Economic Co-operation and Development (OECD) data. Output may have been limited by the effect of energy shocks, among other factors, as these economies have high shares of manufacturing output, and are also net energy importers.

**Figure 8: Real GDP growth slowed in 2023 in most G10 economies, including the UK**

Real gross domestic product (GDP) annual growth rates, G10, 2022 to 2023

Figure 8: Real GDP growth slowed in 2023 in most G10 economies, including the UK

Real gross domestic product (GDP) annual growth rates, G10, 2022 to 2023



Source: Organisation for Economic Co-operation and Development, Office for National Statistics

Notes:

1. Data for the UK are the Office for National Statistics (ONS) measure of real gross domestic product (GDP). Data for other countries are using OECD data for real GDP measured as chain-linked volumes.
2. OECD data correct as of 25 October 2024. Some observations use estimated values that are still open to revisions based on individual country revision policies.

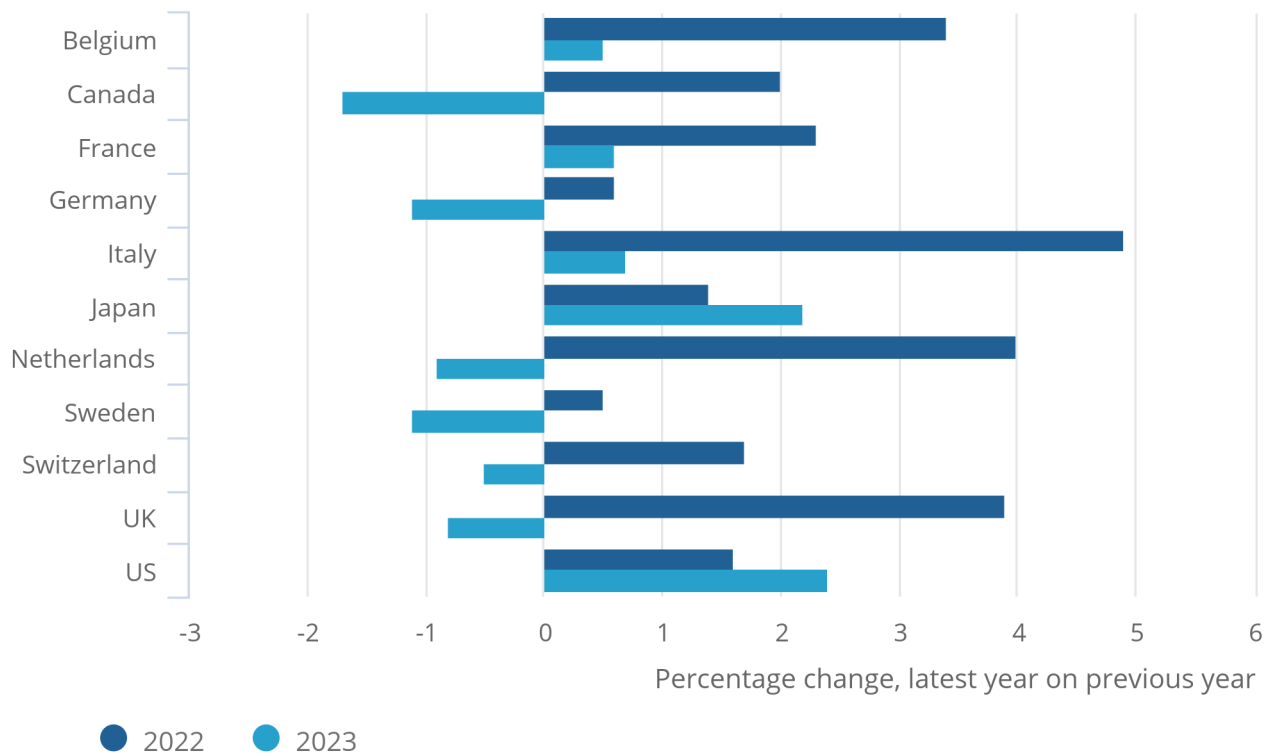
Real GDP per head declined in six of the G10 countries in 2023, including the UK, as high inflation was relatively widespread across advanced economies (see Figure 9). Out of the countries where GDP per head increased in 2023, the growth rate slowed in three more economies. The United States and Japan were the main exceptions, where GDP per head accelerated in 2023 and increased by 2.4% and 2.2%, respectively.

**Figure 9: Real GDP per head fell in 2023 when compared with 2022 in six G10 economies, including the UK**

Real gross domestic product (GDP) per head annual growth rates, G10, 2022 to 2023

**Figure 9: Real GDP per head fell in 2023 when compared with 2022 in six G10 economies, including the UK**

Real gross domestic product (GDP) per head annual growth rates, G10, 2022 to 2023



Source: Organisation for Economic Co-operation and Development, Office for National Statistics

**Notes:**

1. Data for the UK are the Office for National Statistics (ONS) measure of real gross domestic product (GDP) per head. Other countries use data from the Organisation for Economic Co-operation and Development (OECD) for real GDP per capita measured as chain-linked volumes in US dollars per person, using purchasing-power parity (PPP).
2. OECD data are correct as of 25 October 2024. Some observations use estimated values that are still open to revisions based on individual country revision policies.

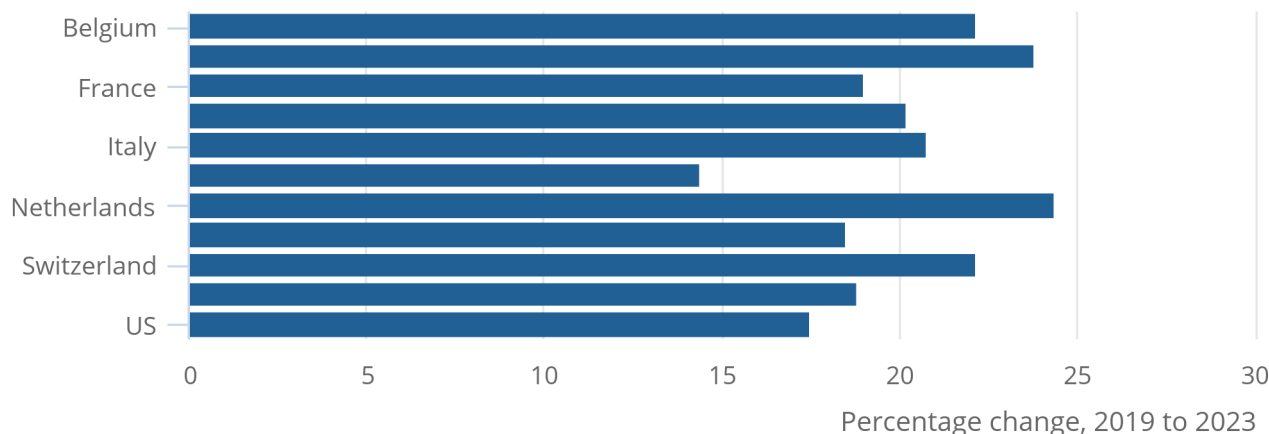
The implied price of GDP represents the broadest measure of inflation in the domestic economy, reflecting changes in the price of all goods and services that comprise GDP. More information is available in our [Role of labour costs and profits in UK inflation: 2010 to 2023 article](#). This implied GDP deflator in the UK increased by 18.8% in 2023 compared with 2019 (annual averages). This is within the range of other G10 economies, where the implied price of GDP increased between 14% and 25% over the same period. Countries with the highest increases in these implied prices of GDP more often experienced a reduction in living standards and a fall in real GDP per head in 2023 (see Figure 10).

**Figure 10: The implied prices of GDP increased between 14% and 25% across G10 economies since the pandemic**

Annual implied price of gross domestic product (GDP)

Figure 10: The implied prices of GDP increased between 14% and 25% across G10 economies since the pandemic

Annual implied price of gross domestic product (GDP)



Source: Organisation for Economic Co-operation and Development, Office for National Statistics

Notes:

1. Data for the UK are the Office for National Statistics (ONS) measure of the implied price of GDP. Other countries use data from the Organisation for Economic Co-operation and Development (OECD).
2. OECD data are correct as of 25 October 2024. Some observations use estimated values that are still open to revisions based on individual country revision policies.

## 9 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [National accounts at a glance, UK National Accounts, The Blue Book: 2024](#)

# The industrial analyses

Analysis of the 10 broad industrial groups' contributions to gross value added, compensation of employees and workforce jobs, and summary supply and use tables.

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Release date:  
31 October 2024

Next release:  
To be announced

## Table of contents

1. [The industrial analysis](#)
2. [Input-output supply and use tables](#)
3. [Current price analysis](#)
4. [Chained volume indices \(2022 equals 100\) analyses](#)
5. [Workforce jobs by industry](#)
6. [Gross value added in current basic prices](#)
7. [Cite this chapter](#)

# 1 . The industrial analysis

Analysis of the 10 broad industrial groups shows that in 2022, the government, health, and education industries provided the largest contribution to gross value added (GVA) at current basic prices. These industries contributed 19.1% to the total GVA of £2,266 billion, with a value of £434 billion. Of the remaining industries:

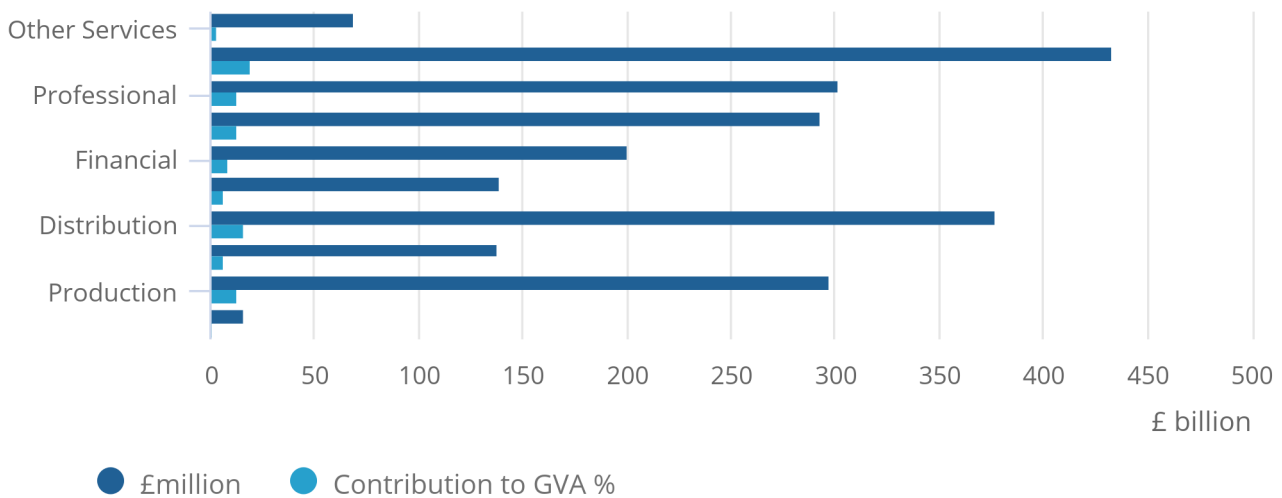
- distribution, transport, hotels and restaurants contributed 16.6%
- professional, scientific and support contributed 13.3%
- production contributed 13.1%
- real estate (including imputed rental of owner-occupied housing) contributed 12.9%

**Figure 1: Government, health and education provided the largest contribution to GVA in 2022**

Breakdown of gross value added (GVA) current basic prices by industry, UK, 2022

Figure 1: Government, health and education provided the largest contribution to GVA in 2022

Breakdown of gross value added (GVA) current basic prices by industry, UK, 2022



Source: Blue Book 2024 from the Office for National Statistics

In 2022, of all goods and services within final demand:



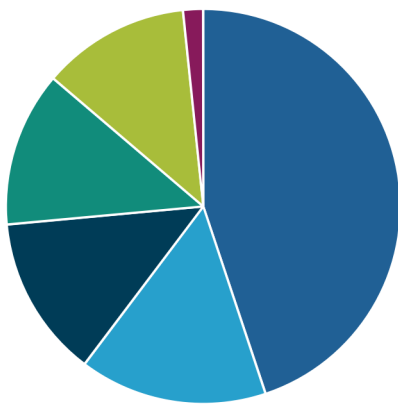
- households consumed 44.9%
- government, both central and local, consumed 15.4%
- gross capital formation, by all sectors of the economy, consumed 13.3%
- 12.7% were exported goods and 12.1% were exported services
- non-profit institutions serving households (NPISH) consumed 1.6%

**Figure 2: Households consumed nearly half of goods and services within final use in 2022**

Breakdown of gross value added current basic prices, by industry, UK, 2022

## Figure 2: Households consumed nearly half of goods and services within final use in 2022

Breakdown of gross value added current basic prices, by industry, UK, 2022



**Source: Blue Book 2024 from the Office for National Statistics**

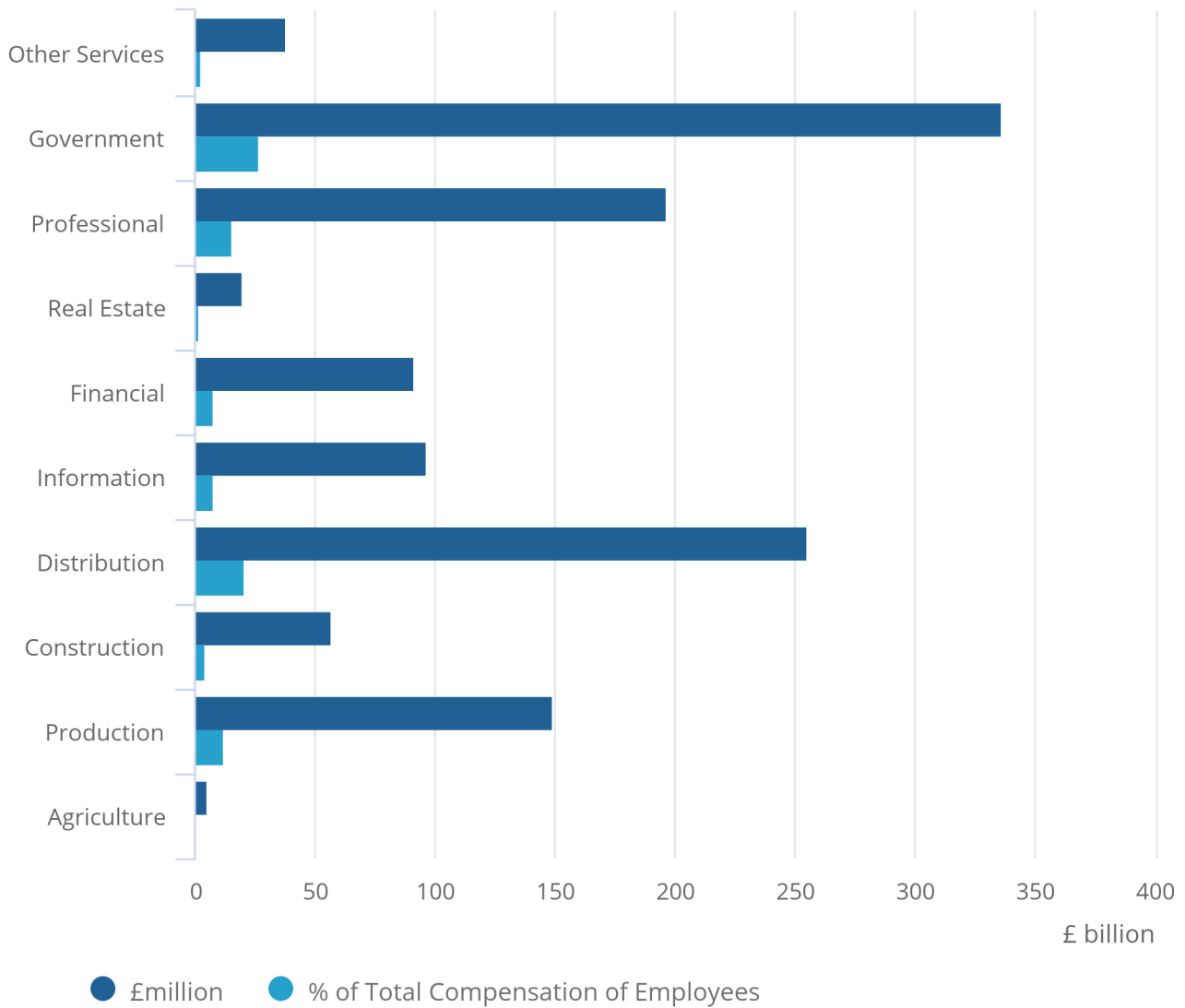
The government, health, and education industries showed the highest level of compensation of employees in 2022 at £336 billion (27.0%). The second largest industry grouping, in terms of their contribution to total compensation of employees, were the distribution, transport, and hotels and restaurants industries at £255 billion (20.5%).

**Figure 3: Government, health and education showed the highest level of compensation of employees in 2022**

Breakdown of compensation of employees in current prices by industry, UK, 2022

**Figure 3: Government, health and education showed the highest level of compensation of employees in 2022**

Breakdown of compensation of employees in current prices by industry, UK, 2022



Source: Blue Book 2024 from the Office for National Statistics

## 2 . Input-output supply and use tables

The annual estimates included in the UK National Accounts, The Blue Book: 2024 edition incorporate the results of annual inquiries that become available in the first part of the year. However, estimates for 2023 are based largely on quarterly information. Any newly-collected data are shown as revisions. To reassess these estimates, supply and use tables (SUTs) are prepared using all the available information on inputs, outputs, gross value added, income and expenditure. To produce consolidated sector and financial accounts requires preparation of "top-to-bottom" sector and subsector accounts to identify discrepancies in the estimates relating to each sector.

The latest annual SUTs provide estimates for the years 1997 to 2022. Data for 2022 are balanced for the first time. Data for 2020 and 2021 have been fully re-balanced. Data from 1997 to 2019 have not been revised. These earlier years are often revised to incorporate changes required under new international standards and guidelines, as well as to make sure the data are comparable and meet user needs. This revision has not been necessary for the Blue Book: 2024 edition.

[Table 2.1a: Summary supply and use tables 2019](#)

[Table 2.1b: Summary supply and use tables 2020](#)

[Table 2.1c: Summary supply and use tables 2021](#)

[Table 2.1d: Summary supply and use tables 2022](#)

Further general information regarding the supply and use framework and the balancing process can be found in our [Guide to UK National Accounts methodology](#).

## 3 . Current price analysis

The analyses of gross value added (GVA) and other variables by industry, shown in Tables 2.1, 2.1A and 2.2 in the [accompanying dataset \(XLS, 3.4 MB\)](#), reflect estimates based on [Standard Industrial Classification 2007 \(SIC 2007\)](#). These tables are based on current price data reconciled through the input-output supply and use framework from 1997 to 2022.

Estimates of total output and GVA are valued at basic prices, the method recommended by the [European System of Accounts 2010 \(ESA 2010\)](#). Therefore, the only taxes and subsidies included in the price will be those paid or received as part of the production process (such as business rates), rather than those associated with the production of a unit of output (such as Value Added Tax).

## 4 . Chained volume indices (2022 equals 100) analyses

Worksheet 2.3 in the [accompanying dataset \(XLS, 3.4 MB\)](#) shows chained volume estimates of gross value added (GVA) at basic prices by industry. These GVA measures are based on appropriately deflated data that have been reconciled through the supply and use tables (SUTs) framework for the years 1997 to 2022.

These industry-level estimates from within the SUTs framework provide more detailed information than those that currently feed into the industry short-term volume estimates. This not only reflects that the annual estimates are based on a wider range of annual surveys and administrative information, but that it is also measuring the correct concept of GVA, rather than turnover as a proxy indicator. Monthly and quarterly industry data in Blue Book 2024 are benchmarked to these annual volume estimates up to 2022.

Data from after the supply use balanced years (2023 onwards) are derived from the movements in the short-term measures of output (such as Index of Production and Index of Services)

## 5 . Workforce jobs by industry

Workforce jobs (WFJ) is the preferred measure of the change in jobs by industry. A person can have more than one job; the number of jobs is not the same as the number of people employed.

[Table 2.4 in the accompanying dataset \(XLS, 3.4 MB\)](#) breaks down WFJ into 10 broad industry groupings on Standard Industrial Classification 2007 (SIC 2007).

The main component of WFJ is employee jobs. Estimates for employee jobs are obtained mainly from surveys of businesses selected from the Inter-Departmental Business Register (IDBR). All other business surveys collecting economic data also use this register.

The Labour Force Survey (LFS), a household survey, collects self-employment jobs data for all SIC sections, employee jobs data for SIC sections A and T, and government-supported trainees data for England. It codes respondents according to their own view of the industry they work in, therefore the industry breakdown is less reliable than that of the business surveys.

WFJ also includes His Majesty's Forces (within industry section O) and government-supported trainees. Government-supported trainees from the devolved administrations are sourced from administrative sources, split by industry using the LFS.

## 6 . Gross value added in current basic prices

The UK National Accounts provide a comprehensive industry breakdown of gross value added (GVA), with activities grouped into 10 broad sections in accordance with Table 2.1 of the [Standard Industrial Classification 2007 \(SIC 2007\)](#).

This also includes supplementary information for the different components that make up GVA for each industry. Under the income approach, GVA is split into compensation of employees (CoE), taxes less subsidies, gross operating surplus (GOS), and mixed income. Estimates of each industry's intermediate consumption and total output are also published, with the difference between the two equalling GVA.

This additional information allows for more detailed analysis of national output to be conducted. For example, CoE can be used to calculate how much of an industry's production income is spent on wages and salaries and employers' social contributions. GOS data can be used to estimate how much profit is generated by companies after considering labour costs and taxes less subsidies.

## 7 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [The industrial analyses, UK National Accounts, The Blue Book: 2024](#)

Compendium

# Non-financial corporations

Public and private sector non-financial corporations.

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Release date:  
31 October 2024

Next release:  
To be announced

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1. [Non-financial corporations](#)
2. [Cite this chapter](#)

# 1 . Non-financial corporations

Non-financial corporations produce goods and services for the market and do not, as a primary activity, deal in financial assets and liabilities.

This sector includes retailers, manufacturers, utilities, business service providers (such as accountancy and law firms), caterers, haulage companies, airlines, construction companies and farms, among others.

The non-financial sector is broken down into two subsectors:

- public sector non-financial corporations
- private sector non-financial corporations

In the [accompanying dataset \(XLSX, 3.4 MB\)](#):

- worksheets 3.1.1 to 3.1.11 in the non-financial corporations as a whole
- worksheets 3.2.1 to 3.2.11 relate to public non-financial corporations, which are government-owned or government-controlled trading businesses
- worksheets 3.3.1 to 3.3.11 relate to private non-financial corporations, which are trading businesses in the private sector

All the tables are downloadable as an Excel workbook.

Further information on sector classifications and classification decisions can be found in the [Economic statistics classifications](#).

## 2 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Non-financial corporations, UK National Accounts, The Blue Book: 2024](#)

Compendium

## Financial corporations

Financial corporations including monetary financial institutions, insurance corporations and pension funds, and other financial corporations.

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31 October 2024

Next release:  
To be announced

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## Table of contents

1. [Financial corporations](#)
2. [Cite this chapter](#)

# 1 . Financial corporations

The financial corporations sector (S.12) consists of institutional units that are independent legal entities and market producers, and whose principal activity is the production of financial services. Such institutional units comprise all corporations and quasi corporations that are principally engaged in:

- financial intermediation (financial intermediaries)
- auxiliary financial activities (financial auxiliaries)

Also included are institutional units providing financial services, where most of either their assets or their liabilities are not transacted on open markets.

Financial intermediation is the activity in which an institutional unit acquires financial assets and incurs liabilities on its own account by engaging in financial transactions on the market. The assets and liabilities of financial intermediaries are transformed or repackaged in relation to, for example, maturity, scale or risk in the financial intermediation process. Auxiliary financial activities are activities related to financial intermediation, but which do not involve financial intermediation themselves.

Financial corporations are presented in the following groupings:

- monetary financial institutions (MFI)
- insurance corporations and pension funds (ICPF)
- financial corporations except MFI and ICPF

Further information on sector classifications and classification decisions is available in our [Public sector classification guide and forward work plan](#).

## 2 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Financial corporations, UK National Accounts, The Blue Book: 2024](#)

Compendium

## General government

General government sector by central and local government.

Contact:  
Central Government team and

Release date:  
31 October 2024

Next release:  
To be announced

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1. [General government](#)
2. [Cite this chapter](#)

# 1 . General government

The general government sector is made up of units providing services for collective or individual consumption that are not sold at market prices. These units are usually funded by compulsory payments from units in other sectors (taxes) and may be involved in the redistribution of national income (for example, benefits and State Pension).

The sector includes government departments and agencies, local authorities, the devolved administrations in Northern Ireland, Scotland and Wales, the state education system, the NHS, the armed forces and the police. Non-departmental public bodies are also included in the general government sector.

The UK National Accounts, The Blue Book: 2024 edition presents estimates for the general government sector and subsector breakdowns for:

- central government
- local government

You can find further information on sector classifications and classification decisions in our [Public sector classification guide and forward work plan](#).

## 2 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [General government, UK National Accounts, The Blue Book: 2024](#)

Compendium

# Households and non-profit institutions serving households

Households, and non-profit institutions serving households sectors.

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Release date:  
31 October 2024

Next release:  
To be announced

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1. [Households and non-profit institutions serving households](#)

2. [Cite this chapter](#)

# 1 . Households and non-profit institutions serving households

The households sector covers people living independently in residential accommodation and those living in communal establishments. Residential households are groups of people sharing the same living accommodation who share some or all of their income, and collectively consume certain types of goods and services, such as food, electricity or housing. Examples of communal establishments include prisons, student accommodation, care homes and boarding schools.

The households sector also includes self-employed (market producers) who do not form part of quasi-corporations, as well as individuals or groups of individuals who produce goods and non-financial services for their own final use.

Non-profit institutions serving households (NPISH) are institutions that:

- provide goods and services, either free or below market prices
- mainly derive their income from grants and donations
- are not controlled by the government

In the UK, the NPISH sector includes:

- charitable organisations
- trade unions
- religious organisations
- political parties
- universities and further education establishments

The UK National Accounts, The Blue Book: 2024 edition presents estimates for the households and NPISH sectors separately. To allow comparison with previous Blue Book publications, estimates for the combined households and NPISH sectors are also presented.

Further information on sector classifications and classification decisions can be found in our [Public sector classification guide and forward work plan](#).

## 2 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Households and non-profit institutions serving households, UK National Accounts, The Blue Book: 2024](#)

# Rest of the world

Rest of the world sector, including all institutions or individuals not resident in the UK that have economic interactions with resident units.

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To be announced

## Table of contents

1. [Rest of the world](#)
2. [Cite this chapter](#)

# 1 . Rest of the world

The rest of the world sector includes all those institutions or individuals not resident in the UK that have economic interactions with resident units. It can include overseas corporations, charities, governments, or private individuals. The sector also includes foreign embassies and consulates on UK soil.

Further information on sector classifications and classification decisions can be found in our [Public sector classification guide and forward work plan](#).

## 2 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Rest of the world, UK National Accounts, The Blue Book: 2024](#)

Compendium

# Gross fixed capital formation supplementary tables

Gross fixed capital formation estimates of net capital expenditure on fixed assets by public and private sectors.

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31 October 2024

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## Table of contents

1. [Gross fixed capital formation supplementary tables](#)
2. [Cite this chapter](#)

# 1 . Gross fixed capital formation supplementary tables

Gross fixed capital formation (GFCF) is the estimate of net capital expenditure (acquisitions less the proceeds from disposals) on fixed assets by both the public and private sectors. Fixed assets are purchased assets used in production processes for more than one year.

Capital expenditure includes spending on:

- machinery and equipment
- transport equipment
- software
- artistic originals
- research and development
- new dwellings and major improvements to dwellings
- other buildings and major improvements to buildings
- structures, such as roads

In Blue Book 2024, we have updated a number of data sources feeding our GFCF estimates. This includes revised data from our most important quarterly and annual surveys; the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS) and the Annual Business Survey (ABS). Other data sources, including central and local government data sources, have also been updated.

GFCF data in Blue Book 2024 are open for revision from 2020 to 2023 for current prices, and from 1997 for chained volume measure estimates. Additionally, in our chained volume estimates, we have returned to our pre-coronavirus (COVID-19) pandemic approach, chain-linking by moving the last base year on to 2022 as part of our production process. Our revisions approach aligns with our [latest national accounts revision policy](#).

Further changes include the latest seasonal adjustment review. Each year, the seasonal adjustment models used in the processing of GFCF data are reviewed to ensure they are still appropriate following revisions to the data.

As is usual during the Blue Book process, the opportunity was taken to review and improve national accounts balancing adjustments across all transactions.

## 2 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Gross fixed capital formation supplementary tables, UK National Accounts, The Blue Book: 2024](#)

# National balance sheet

A measure of the national wealth, or total net worth, of the UK, showing the estimated market value of financial assets.

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1. [National balance sheet](#)
2. [Cite this chapter](#)

# 1 . National balance sheet

The national balance sheet is a measure of the national wealth, or total net worth, of the UK. It shows the estimated market value of financial assets, for example, shares and deposits at banks, and non-financial assets such as dwellings and machinery.

Market value is an estimate of how much these assets would sell for, if sold on the market. The estimates are used for international comparisons, to monitor economic performance and inform monetary and fiscal policy decisions.

Financial assets and liabilities include:

- means of payment, such as currency
- financial claims, such as loans
- economic assets, which are close to financial claims in nature, such as shares

Produced non-financial assets include:

- dwellings
- buildings and other structures
- machinery and equipment
- certain farming stocks, mainly dairy cattle and orchards
- intellectual property products, such as computer software and databases, and research and development inventories

Non-produced assets include:

- contracts, leases and licences
- natural resources

Data sources include:

- annual reports of public corporations and major businesses
- industry publications
- other government departments and agencies

Where non-financial asset market valuations are not readily available, we use a proxy based on the UK net capital stocks data, modelled in the perpetual inventory method (PIM).

For central government, data are taken from returns made by government departments to HM Treasury.

Local authority housing is shown in the public non-financial corporations sector. This is because government-owned market activities are always treated as being carried out by public corporations, either in their own right or through quasi-corporations.

## 2 . Cite this chapter

Compendium

# Public sector supplementary tables

The main taxes and social contributions payable by UK residents to central and local government and the European Union.

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31 October 2024

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To be announced

## Table of contents

1. [Introduction](#)
2. [Taxes and social contributions payable by UK residents](#)
3. [Cite this chapter](#)

# 1 . Introduction

The majority of government income is provided by taxes and social contributions. Worksheet 10.1 in the [accompanying dataset \(XLSX, 3.4MB\)](#) provides a breakdown of the main taxes and social contributions payable by UK residents to both the government (central and local government) and the European Union (EU).

## 2 . Taxes and social contributions payable by UK residents

Taxes on production are included in gross domestic product (GDP) at market prices.

Other taxes on production include taxes levied on inputs to production. These include national non-domestic rates, also known as business rates, and a range of compulsory unrequited levies that producers have to pay.

Taxes on products are taxes levied on the sale of goods and services; this includes Value Added Tax (VAT) and Fuel Duty. Taxes on income and wealth include Income Tax and Corporation Tax. Income Tax is the largest single source of tax revenue paid by UK residents. This category also includes a number of other charges payable by households including Council Tax, the BBC licence fee, and taxes such as Vehicle Excise Duty, which, when paid by businesses, are classified as taxes on production. The totals include tax credits and reliefs recorded as expenditure in the national accounts, such as Working Tax Credit and Child Tax Credit.

The European System of Accounts 2010 (ESA 2010) has a specific category of payments to the government called compulsory social contributions. These are payments associated with social security schemes, such as unemployment benefit and pensions. In the UK accounts this category includes all National Insurance contributions. Details of total social contributions and benefits are shown in Worksheets 5.2.4S and 5.3.4S in the [accompanying dataset \(XLSX, 3.4MB\)](#).

Capital taxes are taxes levied at irregular or infrequent intervals on the values of assets, gifts or legacies. In the UK, the main capital tax is Inheritance Tax.

Some UK taxes are recorded as the resources of the European Union (EU). These include taxes on imports, which were payable to the EU under the EU treaties before the UK leaving the EU.

## 3 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Public sector supplementary tables, UK National Accounts, The Blue Book: 2024](#)

Compendium

## Statistics for international purposes

How the EU uses national accounts data in the calculation of gross national income, used to set the EU budget and member contributions.

## Table

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1. [Overview of statistics for international purposes](#)
2. [UK transactions with the institutions of the EU](#)
3. [Data to monitor government deficit and debt](#)
4. [Calculation of UK gross national income for EU own resource: 2010 to 2020](#)
5. [Cite this chapter](#)

# 1 . Overview of statistics for international purposes

Data comparability between countries is crucial for administrative and economic purposes. The UK provides data to a range of international organisations, including the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD).

The EU also uses UK National Accounts data. Gross national income (GNI) is one of the four measures used by the EU and is calculated in accordance with the European System of Accounts (ESA). GNI is used to set the EU budget and to calculate part of member states' contributions to the EU budget. It is based on [ESA 2010](#).

The following sections outline how the EU use our data.

## 2 . UK transactions with the institutions of the EU

Table 1 shows payments that flowed between the EU and the UK before the UK left the EU. The first part of the table shows the payments that flowed into the UK in the form of EU expenditure. The second part of the table shows the UK contribution to the EU budget, which depended on UK gross national income (GNI).

Our [explanatory article detailing the UK contribution to the EU budget](#) was published on 30 September 2019. A further [dataset on gross national income](#) with usage notes was published on 9 December 2021. This explained differences between the UK GNI as published in the annual national accounts and the UK GNI used to calculate UK budget payments to the EU, known as GNI for EU own resource purposes (GNI OR). From Blue Book 2022, the content of the 9 December 2021 publication has been incorporated in [Section 4: Calculation of UK GNI for UK own resource: 2010 to 2020](#).

Under the EU withdrawal agreement, the UK continues to make payments towards the EU budget for years up to 2020. Contributions are still to be finalised for the years 2010 to 2020 for both the UK and the EU member states (MS). This may mean additional payment flows between the UK and EU after 2020.

## 3 . Data to monitor government deficit and debt

The convergence criteria for the Economic and Monetary Union (EMU) are set out in the [1992 Treaty on European Union \(The Maastricht Treaty\)](#). The treaty and the [Stability and Growth Pact](#) require member states to avoid excessive government deficits, defined as general government net borrowing and gross debt as a percentage of gross domestic product (GDP). The treaty does not determine what constitutes "excessive". This is agreed by the Economic and Finance Council (ECOFIN).

Member states report their planned and actual deficits, and the levels of their debt to the European Commission. Data to monitor excessive deficits are supplied in accordance with EU legislation. While the UK is no longer in the EU, data on UK government debt and deficit are still compiled and are consistent with previous releases.

The UK published the estimates of UK government debt and deficit in Table 1 in September 2024.

Table 1: General government deficit and debt, UK, calendar years 2017 to 2023

<b>General Government deficit 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	
<b>Deficit (£bn)</b>	51.9	48.9	55.2	277.0	176.9	115.0	156.8
<b>as % GDP<sup>2</sup></b>	2.5	2.3	2.5	13.2	7.7	4.6	5.8
<b>General Government debt</b>							
<b>Debt<sup>1</sup> (£bn)</b>	1806.0	1858.4	1913.5	2226.3	2402.8	2516.8	2720.9
<b>as % GDP<sup>2</sup></b>	86.7	86.3	85.7	105.8	105.2	100.4	101.3

Source: UK government debt and deficit from the Office for National Statistics

## Notes

1. Debt is recorded as at the end of December each calendar year.
2. Gross domestic product (GDP).

## 4 . Calculation of UK gross national income for EU own resource: 2010 to 2020

The [Agreement on the withdrawal of the UK from the European Union \(EU\)](#) sets out, among other things, the UK's contribution to, and participation in, the EU budget. Article 136 states that "the applicable Union law concerning the Union's own resources relating to financial years until 2020 shall continue to apply to the UK after 31 December 2020, including where the own resources concerned are to be made available, corrected or subject to adjustments after that date".

The UK pays budget contributions to the EU for the years up to 2020. Contributions are still to be finalised for the years 2010 to 2020 for both the UK and the EU member states (MS).

The gross national income (GNI) estimates, on which a large part of calculating budget payments are based, are produced for the UK by the Office for National Statistics (ONS) and published in the Blue Book. The calculation of GNI in both the UK and the MS is subject to verification by the European Commission's statistical arm, Eurostat. If Eurostat find an issue relating to the calculation of GNI they can place a reservation on a country's national accounts. This means that improvements to data sources, methods, or both may need to be implemented.

The UK was subject to 23 reservations placed in 2019; 18 issues were specific to the UK and five transversal issues applied to both the UK and all MS. Many MS also had a large number of country specific reservations, because of a major verification of sources and methods following the adoption of a new accounting framework in 2014 (the [European System of Accounting \(ESA\) 2010](#)).

As of September 2023, 22 reservations on the UK National Accounts have now been lifted (17 specific reservations and all 5 transversal reservations). It is expected that the remaining reservation will be lifted before publication of the 2025 annual national accounts.

In the current GNI verification cycle, the earlier years still open for recalculating EU budget payments are now "time-barred", except for revisions related to the reservations. The GNI data we release in the annual national accounts often include routine revisions to methods and source data that effect the UK-published GNI estimates. These routine revisions must be excluded from GNI data notified to Eurostat (known as GNI for Own Resource purposes) in the years that have become "time-barred". This is a standard practice that also applies to all MS.

In line with one of the transversal reservations, we began work on addressing globalisation issues in the UK accounts during 2022. This is essentially a detailed review of how multinational enterprises are treated in the national accounts. Initial effects from assessing a limited number of multinationals became available in Blue Book 2022. They are only used in the calculation of UK GNI for Own Resource purposes (GNI OR) for 2018 to 2020, because this reservation only allows GNI OR to be adjusted in those years.

The globalisation adjustments were refined during 2023 and are incorporated in published gross domestic product (GDP) and GNI. In some cases, these adjustments extend earlier than 2018 to avoid data discontinuities. Consequently, GNI OR adjustments apply to the years 2010 to 2017, because those years are time-barred for this reservation.

Further work on refining and enlarging adjustments for globalisation issues is scheduled to take place over several years. At appropriate points, these adjustments will be integrated into the calculation of published UK GDP and GNI and may affect multiple years to avoid data discontinuities.

In the production of the 2022 edition of the UK National Accounts, an improvement to estimates of insurance and pensions was made in response to one of the UK specific reservations. During verification process the ONS and Eurostat agreed that the pensions element of the change was not covered by the reservation. For this reason, revisions between 2010 and 2017 were time-barred because of their potential impact on GNI OR.

Correction of that treatment, separating and removing the impact of pensions changes from the overall "insurance and pensions" change, has led to a revision of GNI OR (2010 to 2017). Published GNI is unaffected because this is just a change of treatment under EU GNI rules. Lifting of this final "insurance" reservation will follow notification to Eurostat of the corrected GNI OR data.

A further difference between published GNI and GNI OR applies to the years 2010 to 2013 when GNI OR is based on the previous international standard (the ESA 1995 accounting framework). There is a standard list of major changes between the ESA 1995 and ESA 2010 frameworks. This is used to estimate the impact of differences in definitions between them.

Eurostat publish UK and MS GNI for own resource estimates (currently only 2023-consistent data are available). Worksheet 11.2 in the [accompanying dataset \(XLSX, 3.4MB\)](#) shows the calculation of the differences between the UK GNI OR and the UK-published GNI estimates. It is produced for Eurostat each time the UK annual national accounts are updated.

We will publish a similar table in future years until all reservations are lifted. This will inevitably show further divergence between published and own resources versions of GNI.

## 5 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Statistics for international purposes, UK National Accounts, The Blue Book: 2024](#)

Compendium

# Environmental accounts

Estimates of energy consumption, atmospheric emissions, material flows and natural capital.

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## Table of contents

1. [Environmental accounts](#)
2. [Energy consumption](#)
3. [Atmospheric emissions](#)
4. [Material flows](#)
5. [Natural capital](#)
6. [Environmental taxes](#)
7. [More information about environmental accounts](#)
8. [Cite this chapter](#)

# 1 . Environmental accounts

- Environmental accounts are "satellite " or extended accounts to the main UK National Accounts.
- They are compiled in accordance with the System of Environmental-Economic Accounting (SEEA), which closely follows the United Nations System of National Accounts (SNA).
- They measure the impact the economy has on the environment, how the environment contributes to the economy, and how society responds to environmental issues by using the accounting framework and concepts of the national accounts.
- They are used to inform sustainable development policy, model impacts of fiscal or monetary measures, and evaluate the environmental impacts of different sectors of the economy.
- Data are provided in units of physical measurement (mass or volume) and monetary units, where these are the most relevant or only data available.

In the [accompanying dataset \(XLSX, 3.4MB\)](#):

- Worksheets 12.2 to 12.5 show estimates of energy consumption, atmospheric emissions and material flows
- Worksheets 12.6 to 12.8 show natural capital accounts
- Worksheets 12.9 to 12.12 show data on environmental taxes

More data, information and other environmental accounts (including fuel use, environmental goods and services sector, and environmental protection expenditure) can be found on our [Environmental accounts release web page](#).

## 2 . Energy consumption

Worksheet 12.2 in the [accompanying dataset \(XLSX, 3.4MB\)](#) presents energy consumption by industry for the UK.

Energy consumption is defined as the use of energy for power generation, heating and transport. This is essential to most economic activities, for example, as input for production processes.

The term "direct use of energy" refers to the energy content of fuel for energy at the point of use, allocated to the original purchasers and consumers of fuels. Alternatively, "reallocated use of energy" means that the losses incurred during transformation and distribution are allocated to the final consumer of the energy, rather than incorporating it all in the electricity generation sector.

Transformation losses are the differences between the energy content of the input and output product, arising from the transformation of one energy product to another.

Distribution losses are losses of energy product during transmission (for example, losses of electricity in the grid) between the supplier and the user of the energy.

Fossil fuels are the main source of energy for consumption, although other sources (including nuclear, net imports, renewable and waste sources) are becoming increasingly important.

Renewable sources include:

- solar photovoltaic
- geothermal and energy from wind, wave and tide
- hydroelectricity

- wood
- charcoal
- straw
- liquid biofuels
- biogas from anaerobic digestion
- sewage gas

Landfill gas, poultry litter and municipal solid waste combustion have also been included within this definition.

Short-term fluctuations in energy consumption are often attributable to changes in temperature or gross domestic product (GDP). Longer term, the decline in energy consumption for these purposes has largely been driven by the switch away from coal by the energy supply and manufacturing industries to other, more efficient fuels, such as natural gas and, more recently, renewable sources.

Data are provided by Ricardo Energy and Environment.

### 3 . Atmospheric emissions

Worksheets 12.3 and 12.4 in the [accompanying dataset \(XLSX, 3.4MB\)](#) show emissions of greenhouse gases, acid rain precursors (ARPs) and other pollutants by industry for the UK.

Greenhouse gases (GHG) are covered by the Paris Agreement, which has superseded the Kyoto Protocol. These gases contribute directly to global warming and climate change because of their positive radiative forcing effect. The potential of each GHG to cause global warming is assessed in relation to a given weight of CO<sub>2</sub>, so all GHG emissions are measured as carbon dioxide equivalents (CO<sub>2</sub>e).

The greenhouse gases included in the worksheets are:

- carbon dioxide (CO<sub>2</sub>)
- methane (CH<sub>4</sub>)
- nitrous oxide (N<sub>2</sub>O)
- hydro-fluorocarbons (HFC)
- perfluorocarbons (PFC)
- nitrogen trifluoride (NF<sub>3</sub>)
- sulphur hexafluoride (SF<sub>6</sub>)

Other important atmospheric emissions include acid rain precursors (ARPs). Acid rain is caused primarily by emissions of sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and ammonia (NH<sub>3</sub>), and can have harmful effects on the environment. For comparability, all figures are weighted according to their acidifying potential and presented as sulphur dioxide equivalents (SO<sub>2</sub>e).

Emissions levels are influenced by factors such as gross domestic product (GDP) and UK temperatures. They are also influenced by policy initiatives, for example, those encouraging adoption of cleaner technologies or emissions standards on motor vehicles. Changes in energy consumption, particularly energy from fossil fuels, directly influence air emissions.

Data are provided by Ricardo Energy and Environment.

## 4 . Material flows

Worksheet 12.5 in the [accompanying dataset \(XLSX, 3.4MB\)](#) presents economy-wide material flow accounts, which estimate the physical flow of materials through the UK economy.

Domestic extraction is divided into four categories:

- biomass, which includes material of biological origin that is not from fossil, such as crops, wood and wild fish catch
- non-metallic minerals, which are mainly construction and industrial minerals, including limestone and gypsum, sand and gravel, and clays
- fossil energy materials and carriers, which include coal, peat, crude oil and natural gas
- metal ores, which include precious metals such as gold

For fossil energy materials and carriers (which include coal, crude oil, natural gas and peat), peat estimates were not available from 2016.

Data are compiled from multiple sources including the Department for Environment, Food and Rural Affairs (DEFRA), the United Nations Food and Agriculture Organisation (FAO), the British Geological Survey (BGS), Eurostat, His Majesty's Revenue and Customs (HMRC) and the Department for Energy Security & Net Zero (DESNZ).

### Physical trade balance

The physical trade balance (PTB) shows the relationship between imports and exports and is calculated by subtracting the weight of exports from the weight of imports. The PTB (imports minus exports) is defined in reverse to the monetary trade balance (exports minus imports). Physical estimates can differ quite significantly from monetary estimates.

The UK has a positive PTB, meaning that more materials and products are imported than are exported. This suggests that the UK may be becoming more reliant on the production of materials in other countries.

### Material consumption

Direct material input (DMI) (domestic extraction plus imports) measures the total amount of materials that are available for use in the economy.

Domestic material consumption (DMC) (domestic extraction plus imports minus exports) measures the amount of materials used in the economy and is calculated by subtracting exports from DMI.

## 5 . Natural capital

The natural capital accounts estimate the wealth of the UK's environment. These remain in development, and so are currently classed as [Official Statistics in Development](#).

The UK's natural wealth is reflected in the productivity of its soils, its access to clean water, and its mountains. Any natural resource or process that supports human life forms an important part of our natural capital. Natural capital is one part of a wider move to better understand wealth. In that respect, we are not only estimating what wealth the UK inherited in its islands and seas but what it might provide to future generations.

Natural capital monetary estimates should be interpreted as partial or minimal value of the services provided by the natural environment, as a number of services are not currently measured. Services provided by the natural environment that we can measure include timber provisioning, agricultural biomass provisioning, fish provisioning, water provisioning, coal, oil and gas provisioning, renewable electricity generation, air pollution regulating, greenhouse gas regulating, noise regulating, urban heat regulating and recreation.

We will continue to work to include as much of the economic value of the natural world as possible. Our asset values are narrowly market driven and not an absolute "value" of the natural world. More details are available in our [UK Natural Capital Accounts: 2023 bulletin](#).

These estimates have been developed using updated methodologies, which means they are not comparable with those published previously. Full details of these updated methodologies will be published alongside our UK Natural Capital Accounts: 2024.

This is particularly important for our recreation and aesthetic (house prices) service, where data from the Valuation Office Agency, HM Land Registry and Ordnance Survey are used to estimate the effect of proximity to public green space on house prices.

A unique house-level dataset is produced by linking data, and machine learning techniques are then applied to flexibly model house prices. To obtain an estimate of the average effect of green and blue spaces on house price, we estimate the difference between the predicted price based on the real data and the predicted price based on a "no nature" scenario.

For the "no nature" scenario, the area of the green and blue spaces is set to zero, while the distance for green space is replaced with the average distance for the region, and the distance to the open sea is set to 2,000 metres. Estimates relate to urban properties only, and are defined as built-up areas with a population of 5,000 or greater.

## 6 . Environmental taxes

Environmental taxes are those whose base is a physical unit, for example, a litre of petrol or a passenger flight, that has a proven negative impact on the environment. These taxes should reduce the activity, and therefore reduce negative environmental impacts. Increases in tax revenue can occur from either rising tax rates, increased activity, or both.

Other initiatives may promote environmentally-positive behaviour but are not considered an environmental tax under this definition. For example, charges on single-use plastic bags by retailers are not classified as a tax.

An environmental tax needs to be defined as a tax (and not another type of payment) in the System of National Accounts (SNA 2008). The [National Tax List](#) is published by the Office for National Statistics (ONS) using the European System of National and Regional Accounts (ESA 2010), which is consistent with the SNA. This definition is also explained in the [Central Framework for the System of Environmental-Economic Accounting](#) from the United Nations, which uses concepts, definitions and classifications consistent with the SNA.

Source data on aggregate revenue for each type of tax are provided to the ONS from HM Treasury, to enable compilation of public sector accounts. We produce a breakdown of the aggregate by industry, including allocation to households and the rest of the world. To do so, we use a number of sources, including supply and use tables.

More information on this environmental taxes measure can be found in our [Environmental accounts on environmental taxes QMI](#).

## 7 . More information about environmental accounts

More information about environmental accounts, including data rounded to a thousand tonnes, is available on our [Environmental accounts release web page](#).

The residence adjustment is included, as the UK Environmental Accounts are based on a UK residence basis (as opposed to a territory basis). This is in line with national accounting principles, allowing environmental impacts to be compared on a consistent basis with economic indicators such as gross domestic product (GDP).

UK figures for energy and air emissions on a territory basis are published by the Department for Energy Security and Net Zero (DESNZ). Energy and air emissions bridging tables, which show the difference between these estimates, are available.

Further explanation of the differences can be found in our [Energy consumption article](#) and our [Measuring UK greenhouse gas emissions methodology](#).

## 8 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Environmental accounts, UK National Accounts, The Blue Book: 2024](#).

Compendium

## Flow of funds

Estimates of stocks and flows of financial assets and liabilities by institutional sector and financial instrument.

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## Table of contents

1. [Introduction](#)
2. [Flow of funds](#)
3. [Cite this chapter](#)

# 1 . Introduction

The tables in this chapter present estimates of stocks and flows of financial assets and liabilities by institutional sector and financial instrument.

Of these tables, in the [accompanying dataset \(XLSX, 3.4MB\)](#):

- Worksheet 13.1 presents flows (or transactions) of financial assets and liabilities for each institutional sector and lower-level financial instrument (financial account)
- Worksheet 13.2 presents levels (or stocks) of financial assets and liabilities for each institutional sector and lower-level financial instrument (balance sheet)
- Worksheets 13.3.1 to 13.3.8 present both financial flows and stocks by institutional sector and financial instrument

Estimates for all the institutional sectors are brought together in these tables to allow changes in assets and liabilities to be compared across the sectors. Estimates for each individual sector are also published in the appropriate sector pages in this publication.

These financial statistics are important for identifying the build-up of risks in the financial sector and for understanding financial connections among the institutional sectors and subsectors within the economy.

## 2 . Flow of funds

"Flow of funds" refers to the financial flows across sectors of the UK economy and the rest of the world. Information can be presented on debtor and creditor relationships and the changes in financial assets and liabilities in the economy. Flow of funds is based on the principle that the movement of all funds must be accounted for. Across the total economy (UK and the rest of the world), the total sources of funds must equal the total uses of funds, and every financial asset transaction must have a counterpart liability transaction.

Since the global financial crisis of the late 2000s, the international community has had an increased focus on the analysis of financial stability, and the development of improvements to the data that support that analysis. This is particularly important for those countries, such as the UK, that have a significant financial sector.

An important area identified internationally for improvement is the development of flow of funds counterpart statistics. These improve our understanding of how each individual sector may be exposed to the risk that could build up in other sectors. These statistics support macro-economic analysis and financial stability policy.

Counterpart statistics are not currently presented in this publication. However, in response to the need for counterpart statistics, the Office for National Statistics (ONS) and the Bank of England started the joint Flow of Funds Project in 2014. More information on the project and the most recent experimental counterpart statistics are available in our [UK financial accounts experimental statistics flow of funds matrices: 2020 article](#), based on Blue Book 2020 data.

## 3 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Flow of funds, UK National Accounts, The Blue Book: 2024](#)

# Glossary

An A-to-Z list defining the main terms used within the national accounts.

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To be announced

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# 1 . A to B

## **Above the line**

Transactions in the production, current and capital accounts that are above the net lending (positive) or net borrowing (negative) (financial surplus or deficit) line in the presentation used in the economic accounts. The financial transactions account is below the line in this presentation.

## **Accruals basis**

A method of recording transactions based on when the exchange of ownership of the goods, services or financial asset occurs (see also cash basis). For example, Value Added Tax (VAT) accrues when the expenditure to which it relates takes place but HM Revenue and Customs (HMRC) receives the cash some time later. The difference between accruals and cash results in an asset and liability in the financial accounts, shown as amounts receivable or payable.

## **Actual final consumption**

The value of goods consumed, but not necessarily purchased, by a sector (see also final consumption expenditure, intermediate consumption).

## **Advance and progress payments**

Payments made for goods in advance of completion and delivery of the goods and services. Also referred to as staged payments.

## **Asset boundary**

A boundary separating assets included (for example, plant and factories, and non-produced assets such as land and water resources) and those excluded (such as natural assets not managed for an economic purpose) in creating core economic accounts.

## **Assets**

Entities over which ownership rights are enforced by institutional units — individually or collectively — and from which economic benefits may be derived by owners holding them over a period of time.

## **Balancing item**

An accounting construct obtained by subtracting the total value of the entries on one side of an account from the total value for the other side.

## **Balance of payments**

A summary of the transactions between residents of a country and residents abroad in a given time period.

## **Balance of trade**

The balance of trade in goods and services is a summary of the imports and exports of goods and services across an economic boundary in a given period.

## **Balance sheet**

A statement, drawn up at a particular point in time, of the value of assets owned and of the financial claims (liabilities) against the owner of these assets.

## **Bank of England**

This comprises the central bank subsector of the financial corporations sector.

## **Bank of England — Issue Department**

This part of the Bank of England deals with the issue of bank notes on behalf of central government. It was formerly classified to central government, though it is now part of the central bank and monetary authorities sector. Its activities include, among other things, market purchases of commercial bills from UK banks.

### **Basic prices**

These are the preferred method of measuring gross value added (GVA) and output. They reflect the amount received by the producer for a unit of goods or services, minus any taxes payable, plus any subsidy receivable on that unit as a consequence of production or sale (that is the cost of production including subsidies).

The only taxes included in the basic price are taxes on the production process — such as business rates and any Vehicle Excise Duty paid by businesses — that are not specifically levied on the production of a unit of output. Basic prices exclude any transport charges invoiced separately by the producer.

### **Below the line**

The financial transactions account that shows the financing of net lending (positive) or net borrowing (negative) (formerly financial surplus or deficit).

### **Bond**

A financial instrument that usually pays interest to the holder. Bonds are issued by governments and by companies and other institutions, for example, local authorities. Most bonds have a fixed date on which the borrower will repay the holder.

Bonds are attractive to investors because they can be bought and sold easily in a secondary market. Special forms of bonds include deep discount bonds, equity warrant bonds, Eurobonds and zero-coupon bonds.

### **British government securities**

Securities issued or guaranteed by the UK government; these are also known as gilts.

## **2 . C to D**

### **Capital**

Capital assets are those that contribute to the productive process to produce an economic return. In other contexts, the word can include tangible assets (for example, buildings, plant and machinery), intangible assets and financial capital (see also fixed assets, inventories).

### **Capital formation**

Acquisitions less disposals of fixed assets, improvement of land, change in inventories and acquisitions less disposals of valuables.

### **Capital stock**

A measure of the cost of replacing the capital assets of a country held at a particular point in time.

### **Capital transfers**

Transfers that are related to the acquisition or disposal of assets by the recipient or payer. They may be in cash or kind and may be imputed to reflect the assumption or forgiveness of debt.

### **Cash basis**

The recording of transactions when cash or other assets are actually transferred, rather than on an accruals basis.

## **Certificate of deposit**

A short-term, interest-paying instrument issued by deposit-taking institutions in return for money deposited for a fixed period. Interest is earned at a given rate. The instrument can be used as security for a loan if the depositor requires money before the repayment date.

## **Chained volume measures**

Time series that measure economic activity in real terms (that is, excluding price effects). Series are calculated in the prices of the previous year and in current price, and these two-year series are then "chain linked" together. The advantage of the chain-linking method is that the previous period's price structure is more relevant than the price structure of a fixed period from further in the past.

## **Cost, insurance and freight (CIF)**

The basis of valuation of imports for customs purposes, including the cost of insurance premiums and freight services. These need to be deducted to obtain the Free On Board (FOB) valuation consistent with the valuation of exports that is used in the economic accounts.

## **Classification of individual consumption by purpose (COICOP)**

An international classification that groups consumption according to its function or purpose. The heading clothing, for example, includes expenditure on garments, clothing materials, laundry and repairs. It is used to classify the expenditure of households.

## **Combined use table**

Table of the demand for products by each industry group or sector, whether from domestic production or imports, estimated at purchasers' prices. It displays the inputs used by each industry to produce their total output and separates out intermediate purchases of goods and services. The table shows which industries use which products: columns represent the purchasing industries; rows represent the products purchased.

## **Commercial paper**

This is an unsecured promissory note for a specific amount, maturing on a specific date. The commercial paper market allows companies to issue short-term debt directly to financial institutions, which then market this paper to investors or use it for their own investment purposes.

## **Compensation of employees**

Total remuneration payable to employees in cash or in kind. Includes the value of social contributions payable by the employer.

## **Conditional liabilities**

Where the transfer of assets only takes place under certain defined circumstances, are known as contingent liabilities.

## **Consolidated accounts**

Accounts drawn up to reflect the affairs of a group of entities. For example, a ministry or holding company with many different operating agencies or subsidiary companies may prepare consolidated accounts reflecting the affairs of the organisation as a whole and accounts for each operating agency or subsidiary.

## **Consolidated fund**

An account of central government into which most government revenue (excluding borrowing and certain payments to government departments) is paid and from which most government expenditure (excluding loans and National Insurance benefits) is paid.

## **Consumption**

See final consumption, intermediate consumption.

## Consumption of fixed capital

The amount of capital resources used up in the process of production in any period. It is not an identifiable set of transactions but an imputed transaction, which can only be measured by a system of conventions.

## Corporations

All bodies recognised as independent legal entities that are producers of market output and whose principal activity is the production of goods and services.

## Counterpart

In a double-entry system of accounting, each transaction gives rise to two corresponding entries. These entries are the counterparts to each other, so the counterpart of a payment by one sector is the receipt by another.

## Debenture

A long-term bond issued by a UK or foreign company and secured on fixed assets. A debenture entitles the holder to a fixed-interest payment or a series of such payments.

## Deflators

A price index or other modifier used to remove the change in prices, commonly referred to as inflation, between any two given time periods. This allows the data in the two periods to be compared in real price terms.

## Depreciation

A fall in the value of an asset or currency.

## Derivatives

Financial instruments whose value is linked to the value of another financial instrument, indicator or commodity. Unlike the holder of a primary financial instrument (for example, a government bond or a bank deposit), who has an unqualified right to receive cash (or some other economic benefit), the holder of a derivative has only a qualified right to receive such a benefit. Examples of derivatives are options and swaps.

## Dividend and Interest Matrix (DIM)

This represents property income flows related to holdings of financial transactions. The gross flows are shown in property income.

## Direct investment

Net investment by UK or foreign companies in their foreign or UK branches, subsidiaries or associated companies. A direct investment in a company means that the investor has a significant influence on the operations of the company, defined as having an equity interest in an enterprise resident in another country of 10% or more of the ordinary shares or voting stock.

Investment includes not only acquisition of fixed assets, stock building and stock appreciation, but also all other financial transactions such as: additions to, or payments of, working capital; other loans and trade credit; and acquisitions of securities. Estimates of investment flows allow for depreciation in any undistributed profits. Funds raised by the subsidiary or associate company in the economy in which it operates are excluded as they are locally raised and not sourced from the parent company.

## Discount market

The part of the market dealing with short-term borrowing. It is called the discount market because the interest on loans is expressed as a percentage reduction (discount) on the amount paid to the borrower. For example, for a loan of £100 face value, when the discount rate is 5%, the borrower will receive £95 but will repay £100 at the end of the term.

## **Double deflation**

A method for calculating value added by industry chained volume measures, which takes separate account of the differing price and volume movements of input and outputs in an industry's production process.

## **Dividend**

A payment made to company shareholders from current or previously retained profits. Dividends are recorded when they become payable.

## **3 . E to F**

### **Economically significant prices**

These are prices where the level significantly affects the supply of the good or service concerned. Market output consists mainly of goods and services sold at "economically significant" prices, while non-market output comprises those provided free or at prices that are not economically significant.

### **Employee stock options**

An agreement made on a given date (the "grant" date) under which an employee may purchase a given number of shares of the employer's stock at a stated price (the "strike" price), either at a stated time (the "vesting" date) or within a period of time (the "exercise" period) immediately following the vesting date.

### **Enterprise**

An institutional unit producing market output. Enterprises are found mainly in the non-financial and financial corporations sectors but exist in all sectors. Each enterprise consists of one or more kind-of-activity units.

### **Environmental accounts**

A satellite account describing the relationship between the environment and the economy.

### **Equity**

The ownership of a residual claim on the assets of the institutional unit that issued the instrument. Equities differ from other financial instruments in that they confer ownership of something more than a financial claim. Shareholders are owners of the company, whereas bond holders are just outside creditors.

### **European System of National and Regional Accounts (ESA)**

An integrated system of economic accounts; the European version of the System of National Accounts (SNA).

### **European Investment Bank**

This was set up to assist economic development within the EU. Its members are the member states of the EU.

### **Exchange Cover Scheme (ECS)**

A scheme introduced in 1969 whereby UK public bodies raise foreign currency from overseas residents, either directly or through UK banks, and surrender it to the Exchange Equalisation Account in exchange for sterling to finance expenditure in the UK. HM Treasury sells the borrower foreign currency to service and repay the loan at the exchange rate that applied when the loan was taken out.

### **Exchange Equalisation Account (EEA)**

The government account with the Bank of England in which transactions in reserve assets are recorded. These transactions are classified to the central government sector. It is the means by which the government, through the Bank of England, influences exchange rates.

## **Export credit**

Credit extended abroad by UK institutions, primarily in connection with UK exports but also including some credit in respect of third country trade.

## **Export Credit Guarantee Department (ECGD)**

A non-ministerial government department, classified to the public corporations sector, the main function of which is to provide insurance cover for export credit transactions.

## **Factor cost**

In the System of National Accounts (SNA) 1968, this was the basis of valuation that excluded the effects of taxes on expenditure and subsidies.

## **Final consumption expenditure**

The expenditure on those goods and services used for the direct satisfaction of individual needs or the collective needs of members of the community, as distinct from their purchase for use in the productive process. It may be contrasted with actual final consumption, which is the value of goods consumed, but not necessarily purchased, by that sector (see also intermediate consumption).

## **Financial auxiliaries**

Activities closely related to financial intermediation but that are not financial intermediation themselves, such as the repackaging of funds, insurance broking and fund management. Financial auxiliaries include insurance brokers and fund managers.

## **Financial corporations**

All bodies recognised as independent legal entities whose principal activity is financial intermediation or the production of auxiliary financial services.

## **Financial intermediation**

The activity by which an institutional unit acquires financial assets and incurs liabilities on its own account by engaging in financial transactions on the market. The assets and liabilities of financial intermediaries have different characteristics so that the funds are transformed or repackaged with respect to maturity, scale or risk, for example, in the financial intermediation process.

## **Financial Intermediation Services Indirectly Measured (FISIM)**

The implicit charge for the service provided by monetary financial institutions paid for by the interest differential between borrowing and lending rather than through fees and commissions.

## **Financial leasing**

A form of leasing in which the lessee (the lease holder) contracts to assume the rights and responsibilities of ownership of leased goods from the lessor (the legal owner) for the whole (or virtually the whole) of the economic life of the asset. In the economic accounts, this is recorded as the sale of the asset to the lessee, financed by an imputed loan. The leasing payments are split into interest payments and repayments of principal.

## **Fixed assets**

Produced assets that are themselves used repeatedly or continuously in the production process for more than one year. They comprise buildings and other structures, vehicles and other plant and machinery as well as plants and livestock that are used repeatedly or continuously in production, for example, fruit trees or dairy cattle. They also include intangible assets such as computer software, research and development, and artistic originals.

## Flows

These reflect the creation, transformation, exchange, transfer or extinction of economic value. They involve changes in the volume, composition or value of an institutional unit's assets and liabilities. They are recorded in the production, distribution and use of income and accumulation accounts.

## Free On Board (FOB)

A Free On Board (FOB) price excludes the cost of insurance and freight from the country of consignment but includes all charges up to the point of the exporting country's customs frontier.

## Futures

Forward contracts traded on organised exchanges. They give the holder the right to purchase a commodity or a financial asset at a future date.

# 4 . G to H

## Gilts

Bonds issued or guaranteed by the UK government. Also known as gilt-edged securities or British Government securities.

## Globalisation

The revised concept of economic ownership first recommended by the System of National Accounts (SNA) in 2008 that proposes that imports and exports be recorded strictly when a change of ownership occurs, rather than when goods cross a border, to better reflect the nature of multinational enterprises.

## Gold

The System of National Accounts (SNA) and the International Monetary Fund (IMF) (in the sixth edition of its Balance of Payments Manual) recognise three types of gold:

- monetary gold, treated as a financial asset
- gold held as a store of value, to be included in valuables
- gold as an industrial material, to be included in intermediate consumption or inventories

The present treatment is as follows.

In the accounts, a distinction is drawn between gold held as a financial asset (financial gold) and gold held like any other commodity (commodity gold). Commodity gold in the form of finished manufactures, together with net domestic and overseas transactions in gold moving into or out of finished manufactured form (as in for jewellery, dentistry, electronic goods, medals and proof — but not bullion — coins) is recorded in exports and imports of goods.

All other transactions in gold (that is, those involving semi-manufactures, for example, rods and wire, bullion, bullion coins, or banking-type assets and liabilities denominated in gold, including official reserve assets) are treated as financial gold transactions and included in the financial account of the balance of payments.

The UK has adopted different treatment to avoid distortion of its trade in goods account by the substantial transactions of the London bullion market.

## Grants

Voluntary transfer payments. They may be current or capital in nature. Grants from the government or the EU to producers are subsidies.

## **Gross**

Important economic series can be shown as gross (as in, before deduction of the consumption of fixed capital) or net (as in, after deduction). Gross has this meaning throughout this publication unless otherwise stated.

### **Gross domestic product (GDP)**

The total value of output in the economic territory. It is the balancing item on the production account for the whole economy. Domestic product can be measured gross or net. It is presented in the accounts at market (or purchasers') prices.

### **Gross fixed capital formation (GFCF)**

Acquisitions less disposals of fixed assets and the improvement of land.

### **Gross national disposable income**

The income available to the residents arising from gross domestic product (GDP) and receipts from, less payments to, the rest of the world of employment income, property income and current transfers.

### **Gross national income (GNI)**

The total value of goods produced and services provided by a country during one year, equal to the gross domestic product plus the net income from foreign investments.

### **Gross value added (GVA)**

The value generated by any unit engaged in production and the contributions of individual sectors or industries to gross domestic product (GDP). It is measured at basic prices, excluding taxes less subsidies on products.

## **Holding companies**

A purely financial concern that uses its capital solely to acquire interests (normally controlling interests) in a number of operating companies. Although the purpose of a holding company is mainly to gain control and not to operate, it will typically have representation on the boards of directors of the operating firms.

Holding companies provide a means by which corporate control can become highly concentrated through pyramiding. A holding company may gain control over an operating company, which itself has several subsidiaries.

## **Holding gains or losses**

Profit or loss obtained by virtue of the changing price of assets being held. Holding gains or losses may arise from either physical or financial assets.

## **Households**

Individuals or small groups of individuals as consumers, and in some cases as entrepreneurs, producing goods and market services (where such activities cannot be hived off and treated as those of a quasi corporation).

## **5 . I to J**

### **Imputation**

The process of inventing a transaction where, although no money has changed hands, there has been a flow of goods or services. It is confined to a very small number of cases where a reasonably satisfactory basis for the assumed valuation is available.

## **Index-linked gilts**

Gilts whose coupon and redemption value are linked to movements in the Retail Prices Index.

## **Institutional unit**

The individual bodies whose data are merged to form the sectors of the economy. A body is regarded as an institutional unit if it has decision-making autonomy in respect of its principal function and either keeps a complete set of accounts or is in a position to compile, if required, a complete set of accounts that would be meaningful from both an economic and a legal viewpoint.

## **Input-output**

A detailed analytical framework based on supply and use tables. These are matrices showing the composition of output of individual industries by types of product and how the domestic and imported supply of goods and services is allocated between various intermediate and final uses, including exports.

## **Institutional sector**

In the economic accounts, the economy is split into different institutional sectors, that is, units grouped according broadly to their role in the economy. The main sectors are: non-financial corporations, financial corporations, general government, households, and non-profit institutions serving households (NPISH). The rest of the world is also treated as a sector for many purposes within the accounts.

## **Intellectual property products**

Products including mineral exploration, computer software, research and development, and entertainment, literary or artistic originals. Expenditure on them is part of gross fixed capital formation. They exclude non-produced non-financial assets such as leases, transferable contracts and purchased goodwill, expenditure on which would be intermediate consumption.

## **Intermediate consumption**

The consumption of goods and services in the production process. It may be contrasted with final consumption and capital formation.

## **International Monetary Fund (IMF)**

A fund set up as a result of the Bretton Woods Conference in 1944, which began operations in 1947. It currently has 190 member countries (at time of publication) including most of the major countries of the world. The fund was set up to supervise the fixed exchange rate system agreed at Bretton Woods and to make available to its members a pool of foreign exchange resources to assist them when they have balance of payments difficulties. It is funded by member countries' subscriptions according to agreed quotas.

## **Inventories**

Finished goods (held by the producer prior to sale, further processing or other use) and products (materials and fuel) acquired from other producers to be used for intermediate consumption or resold without further processing as well as military inventories.

## **6 . K to L**

### **Kind-of-activity unit (KAU)**

An enterprise, or part of an enterprise, that engages in only one kind of non-ancillary productive activity or in which the principal productive activity accounts for most of the value added. Each enterprise consists of one or more kind-of-activity units.

## **Liability**

A claim on an institutional unit by another body that gives rise to a payment or other transaction transferring assets to the other body. Conditional liabilities, where the transfer of assets only takes place under certain defined circumstances, are known as contingent liabilities.

## **Life assurance**

An insurance policy that, in return for the payment of regular premiums, pays a lump sum on the death of the insured. In the case of policies limited to investments that have a cash value, in addition to life cover, a savings element provides benefits that are payable before death. In the UK, endowment assurance provides life cover or a maturity value after a specified term, whichever is sooner.

## **Liquidity**

The ease with which a financial instrument can be exchanged for goods and services. Cash is very liquid whereas a life assurance policy is less so.

## **Lloyd's of London**

The international insurance and reinsurance market in London.

# **7 . M to N**

## **Marketable securities**

Securities that can be sold on the open market.

## **Market output**

Output of goods and services sold at economically significant prices.

## **Merchant banks**

Monetary financial institutions whose main business is primarily concerned with corporate finance and acquisitions.

## **Mixed income**

The balancing item on the generation of income account for unincorporated businesses owned by households. The owner or members of the same household often provide unpaid labour inputs to the business. The surplus is therefore a mixture of remuneration for such labour and return to the owner as entrepreneur.

## **Monetary financial institutions (MFIs)**

As defined by the European Central Bank, these consist of all institutional units included in the central bank, deposit-taking corporations except the central bank and money market funds subsectors.

## **Money market**

The market in which short-term loans are made and short-term securities traded. "Short-term" usually applies to periods of under one year but can be longer in some instances.

## **NACE**

The industrial classification used in the EU. Revision 2 is the "Statistical classification of economic activities in the European Community in accordance with Commission Regulation (EC) No. 1893/2006 of 20 December 2006".

## **National income**

The total value of goods produced, and services provided, by a country during one year, equal to the gross domestic product (GDP) plus the net income from foreign investments.

## **Net**

After deduction of the consumption of fixed capital. Also used in the context of financial accounts and balance sheets to denote, for example, assets less liabilities.

## **Net domestic product**

Net domestic product (NDP) is equal to gross domestic product (GDP) minus the consumption of fixed capital (CFC). This considers the decline in the value of fixed assets that are used up in the production process, because of wear and tear, and obsolescence.

## **Non-market output**

Output of own account production of goods and services provided free or at prices that are not economically significant. Non-market output is produced mainly by the general government and non-profit institutions serving households (NPISH) sectors.

## **Non-observed economy**

Certain activities that may be productive and also legal but are concealed from the authorities for various reasons, for example, to evade taxes or regulation. In principle these, as well as economic production that is illegal, are to be included in the accounts but are by their nature difficult to measure.

## **Non-profit institutions serving households (NPISH)**

An institutional sector consisting of non-profit institutions that provide goods or services to households for free or at prices that are not economically significant. These include bodies such as charities, universities, churches, and trade unions.

# **8 . O to P**

## **Operating leasing**

The conventional form of leasing in which the lessee makes use of the leased asset for a period in return for a rental while the asset remains on the balance sheet of the lessor. The leasing payments are part of the output of the lessor and the intermediate consumption of the lessee (see also financial leasing).

## **Operating surplus**

The balance on the generation of income account. Households also have a mixed income balance. It may be seen as the surplus arising from the production of goods and services before taking into account flows of property income.

## **Ordinary share**

The most common type of share in the ownership of a corporation. Holders of ordinary shares receive dividends (see also equity).

## **Output for own final use**

Production of output for final consumption or gross fixed capital formation (GFCF) by the producer. Also known as own-account production.

## **Own-account production**

Production of output for final consumption or gross fixed capital formation (GFCF) by the producer. Also known as output for own final use.

## **Par value**

A security's face or nominal value. Securities can be issued at a premium or discount to par.

## **Pension funds**

The institutions that administer pension schemes. Pension schemes are significant investors in securities. Self-administered funds are classified in the financial accounts as pension funds. Those managed by insurance companies are treated as long-term business of insurance companies.

## **Perpetual inventory model (or method) (PIM)**

A method for estimating the level of assets held at a particular point in time by accumulating the acquisitions of such assets over a period and subtracting the disposals of assets over that period. Adjustments are made for price changes over the period. The perpetual inventory model (PIM) is used in the UK National Accounts to estimate the stock of fixed capital and as such the value of the consumption of fixed capital.

## **Portfolio**

A list of the securities owned by a single investor. In the balance of payments statistics, portfolio investment is investment in securities that does not qualify as direct investment.

## **Preference share**

This type of share guarantees its holder a prior claim on dividends. The dividend paid to preference shareholders is normally more than that paid to holders of ordinary shares. Preference shares may give the holder a right to a share in the ownership of the company (participating preference shares). However, in the UK they usually do not, and are therefore classified as bonds.

## **Prices**

See economically significant prices, basic prices, purchasers' prices.

## **Principal**

The lump sum that is lent under a loan or a bond.

## **Production boundary**

Boundary between production included in creating core economic accounts (such as all economic activity by industry and commerce) and production that is excluded (such as production by households that is consumed within the household).

## **Promissory note**

A security that entitles the bearer to receive cash. These may be issued by companies or other institutions (see commercial paper).

## **Property income**

Incomes that accrue from lending or renting financial or tangible non-produced assets, including land, to other units. See also tangible assets.

## **Public corporations**

These are public trading bodies that have a substantial degree of financial independence from the public authority which created them. A body is normally treated as a trading body when more than half of its income is financed

by fees. A public corporation is publicly controlled to the extent that the public authorities appoint a majority of the board of management or when public authorities can exert significant control over general corporate policy through other means.

Since the 1980s, many public corporations, such as the BT Group, have been privatised and reclassified within the accounts as private non-financial corporations. Public corporations can also exist in the financial sector.

## **Public sector**

Central government, local government and public corporations.

## **Purchasers' prices**

These are the prices paid by purchasers. They include transport costs, trade margins and taxes (unless the taxes are deductible by the purchaser from their own tax liabilities).

# **9 . Q to R**

## **Quasi corporations**

Unincorporated enterprises that function as if they were corporations. For the purposes of allocation to sectors and subsectors, they are treated as if they were corporations, that is, separate units from those to which they legally belong. Three main types of quasi corporation are recognised in the accounts:

- unincorporated enterprises owned by the government that are engaged in market production
- unincorporated enterprises (including partnerships) owned by households
- unincorporated enterprises owned by foreign residents

The last group consists of permanent branches or offices of foreign enterprises and production units of foreign enterprises that engage in significant amounts of production in the territory over long or indefinite periods of time.

## **Real national disposable income (RNDI)**

Gross national disposable income adjusted for changes in prices and in the terms of trade.

## **Related companies**

Branches, subsidiaries, associates or parents.

## **Related import or export credit**

Trade credit between related companies included in direct investment.

## **Rental**

The amount payable by the user of a fixed asset to its owner for the right to use that asset in production for a specified period of time. It is included in the output of the owner and the intermediate consumption of the user.

## **Rents**

The property income derived from land and subsoil assets. It should be distinguished in the current system from rental income derived from buildings and other fixed assets, which is included in output.

## Repurchase agreement (repo or reverse repo)

This is short for "sale and repurchase agreement". One party agrees to sell bonds or other financial instruments to other parties under a formal legal agreement to repurchase them at some point in the future, usually up to six months, at a fixed price.

Reverse repos are the counterpart asset to any repo liability. Repo or reverse repo transactions are generally treated as borrowing or lending within other investment, rather than as transactions in the underlying securities.

The exception is for banks, where repos are recorded as deposit liabilities. Banks' reverse repos are recorded as loans, the same as for all other sectors. Legal ownership does not change under a "repo" agreement. It was previously treated as a change of ownership in the UK financial account but under the System of National Accounts (SNA) is treated as a collateralised deposit.

## Reserve assets

Short-term assets that can be very quickly converted into cash. They comprise the UK's official holdings of gold, convertible currencies, special drawing rights and changes in the UK reserve position in the International Monetary Fund (IMF). Also included between July 1979 and December 1998 are European Currency Units (ECUs) acquired from swaps with the European Monetary Cooperation Fund (EMCF), European Monetary Institute (EMI) and the European Central Bank (ECB).

## Residents

These comprise general government, individuals, private non-profit-making bodies serving households and enterprises within the territory of a given economy.

## Residual error

The term used in the former accounts for the difference between the measures of gross domestic product (GDP) from the expenditure and income approaches.

## Resources and uses

The term resources refers to the side of the current accounts where transactions that add to the amount of economic value of a unit or sector appear. For example, wages and salaries are a resource for the unit or sector receiving them. Resources are by convention put on the right side or at the top of tables arranged vertically.

The left side (or bottom section) of the accounts, which relates to transactions that reduce the amount of economic value of a unit or sector, is termed "uses". To continue the example, wages and salaries are a use for the unit or sector that must pay them.

## Rest of the world

This sector records the counterpart of transactions of the whole economy with non-residents.

# 10 . S to T

## Satellite accounts

Satellite accounts describe areas or activities not dealt with by core economic accounts. These areas or activities are considered to require too much detail for inclusion in the core accounts or they operate with a different conceptual framework. Internal satellite accounts re-present information within the production boundary. External satellite accounts present new information not covered by the core accounts.

## Saving

The balance on the use of income account. It is that part of disposable income that is not spent on final consumption and may be positive or negative.

## **Secondary market**

A market in which holders of financial instruments can resell all or part of their holding. The larger and more effective the secondary market for any particular financial instrument, the more liquid that instrument is to the holder.

## **Sector**

See institutional sector.

## **Securities**

Tradable or potentially tradable financial instruments.

## **Special drawing rights (SDRs)**

These are reserve assets created and distributed by decision of the members of the International Monetary Fund (IMF). Participants accept an obligation to provide convertible currency to another participant, when designated by the IMF to do so, in exchange for special drawing rights (SDRs) equivalent to three times their own allocation.

Only countries with a sufficiently strong balance of payments are so designated by the IMF. SDRs may also be used in certain direct payments between participants in the scheme and for payments of various kinds to the IMF.

## **Special purpose entities (SPEs)**

These are generally organised or established in economies other than those in which the parent companies are resident and engaged primarily in international transactions but in few or no local operations.

Special purpose entities (SPEs) are defined either by their structure (for example, financing subsidiary, holding company, base company or regional headquarters) or their purpose (for example, sale and regional administration, management of foreign exchange risk, or facilitation of financing of investment).

SPEs should be treated as direct investment enterprises if they meet the 10% criterion. They are an integral part of direct investment networks as are, for the most part, SPE transactions with other members of the group.

## **Staged payments**

See advance and progress payments.

## **Standard Industrial Classification (SIC)**

The industrial classification applied to the collection and publication of a wide range of economic statistics. The current version, Standard Industrial Classification (SIC) 2007, is consistent with NACE, revision 2. See NACE for further details.

## **Standardised guarantees**

These are normally issued in large numbers, usually for fairly small amounts, along identical lines. There are three parties involved in these arrangements: the debtor, the creditor and the guarantor. Either the debtor or creditor may contract with the guarantor to repay the creditor if the debtor defaults. The classic examples are export credit guarantees and student loan guarantees.

## **Subsidiaries**

Companies owned or controlled by another company. Under Section 1159 of the Companies Act (2006) this means, broadly speaking, that another company either:

- holds a majority of the voting rights
- is a member and has the right to appoint or remove a majority of its board of directors
- is a member and controls alone (pursuant to an agreement with other members) a majority of the voting rights

The category also includes subsidiaries of subsidiaries.

## **Subsidies**

Current unrequited payments made by general government or the EU to enterprises. Those made on the basis of a quantity or value of goods or services are classified as "subsidies on products". Other subsidies based on levels of productive activity (for example, numbers employed) are designated "other subsidies on production".

## **Suppliers' credit**

Export credit extended overseas directly by UK firms other than to related concerns.

## **Supply table**

Table of estimates of domestic industries' output by type of product. Compiled at basic prices and including columns for imports of goods and services, for distributors' trading margins and for taxes less subsidies on products. The final column shows the value of the supply of goods and services at purchasers' prices. This table shows which industries make which products: columns represent the supplying industries, rows represent the products supplied.

## **System of National Accounts (SNA)**

The internationally agreed standard system for macroeconomic accounts. The latest version is described in SNA 2008.

## **Taxes**

Compulsory unrequited transfers to central or local government or the EU. Taxation is classified in the following main groups: taxes on production and imports, current taxes on income wealth and so on, and capital taxes.

## **Technical reserves (of insurance companies)**

These reserves consist of prepaid premiums, reserves against outstanding claims, actuarial reserves for life insurance and reserves for with-profit insurance. They are treated in the economic accounts as the property of policy holders.

## **Terms of trade**

Ratio of the change in export prices to the change in import prices. An increase in the terms of trade implies that the receipts from the same quantity of exports will finance an increased volume of imports, so measurement of real national disposable income needs to take account of this factor.

## **Transfers**

Unrequited payments made by one unit to another. They may be current transfers or capital transfers. The most important types of transfers are taxes, social contributions, and benefits.

## **Treasury bills**

Short-term securities or promissory notes that are issued by the government in return for funding from the money market. Each week in the UK, the Bank of England invites tenders for sterling Treasury bills from the financial institutions operating in the market. European currency unit (ECU) or euro-denominated bills were issued by tender each month, but this programme has now wound down; the last bill was redeemed in September 1999. Treasury bills are an important form of short-term borrowing for the government, generally being issued for periods of three or six months.

## 11 . U to Z

### Unit trusts

Institutions within the Other monetary financial institutions subsector through which investors pool their funds to invest in a diversified portfolio of securities. Unit trusts give individual investors the opportunity to invest in a diversified and professionally managed portfolio of securities, without the need for detailed knowledge of the individual companies issuing the stocks and bonds. They differ from investment trusts in that the latter are companies in which investors trade shares on the stock exchange, whereas unit trust units are issued and bought back on demand by the managers of the trust.

### Uses

See resources and uses.

### Use table

See combined use table.

### United Kingdom (UK)

Broadly, in the accounts, the United Kingdom (UK) comprises Great Britain plus Northern Ireland and that part of the continental shelf deemed by international convention to belong to the UK. It excludes the Channel Islands and the Isle of Man.

### Valuables

Goods of considerable value that are not used primarily for production or consumption but are held as stores of value over time, for example, precious metals, precious stones, jewellery and works of art.

### Valuation

See basic prices, purchasers' prices, factor cost.

### Value added

The balance on the production account: output less intermediate consumption. Value added may be measured net or gross.

### Value Added Tax (VAT)

A tax paid by enterprises. In broad terms an enterprise is liable for VAT on the total of its taxable sales but may deduct tax already paid by suppliers on its inputs (intermediate consumption). Therefore, the tax is effectively on the value added by the enterprise. Where the enterprise cannot deduct tax on its inputs, the tax is referred to as non-deductible. VAT is the main UK tax on products.

## 12 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Glossary, UK National Accounts, The Blue Book: 2024](#)

# Background notes

Information about the compilation of the latest national accounts including quality and reliability issues.

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Next release:  
To be announced

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# 1 . Feedback

We welcome your feedback on this publication. Please email [blue.book.coordination@ons.gov.uk](mailto:blue.book.coordination@ons.gov.uk) if you would like to get in touch.

## 2 . Release policy

This release includes data up to 2024. Data are consistent with:

- our [Index of Production bulletin](#), published on 11 October 2024
- our [Index of Services bulletin](#), published on 11 October 2024
- the current price trade in goods data within our [UK trade: August 2024 bulletin](#) published on 11 October 2024
- the [Construction output price indices dataset](#), published on 15 August 2024
- our [Balance of payments bulletin](#), published on 30 September 2024
- our [GDP quarterly national accounts bulletin](#), published on 30 September 2024
- the [UK Economic Accounts dataset](#), published on 30 September 2024

## 3 . Continuous improvement of sources, methods and communication

During 2024, we published a series of articles detailing changes that will affect Blue Book 2024. These articles can be found on the Office for National Statistics (ONS) website using the following keywords: BlueBook2024, BB24 and National Accounts.

## 4 . National accounts classification decisions

The UK National Accounts are produced under internationally agreed guidance and rules set out in the [European System of Accounts: ESA 2010 \(PDF, 6.4MB\)](#) and the accompanying [Manual on Government Deficit and Debt: Implementation of ESA 2010 to 2016 edition \(MGDD\) \(PDF, 3.7MB\)](#).

In the UK, we are responsible for the application and interpretation of these rules. Therefore, we make [classification decisions based on the agreed guidance and rules](#).

## 5 . Economic context

We publish economic commentary, giving commentary on the latest gross domestic product (GDP) estimate and our other economic releases. The next commentary will be published on 23 December 2024.

## 6 . Important quality issues

Commonly occurring issues in interpreting the series include:

- expectations of accuracy and reliability in early estimates are often too high
- revisions are an inevitable consequence of the trade-off between timeliness and accuracy
- early estimates are based on incomplete data

Very few statistical revisions arise because of "errors". All estimates, by definition, are subject to statistical "error". In this context, the word refers to the uncertainty inherent in any process or calculation that uses sampling, estimation, or modelling.

Most revisions reflect either the adoption of new statistical techniques or the incorporation of new information, which allow the statistical error of previous estimates to be reduced. Only rarely are there avoidable "errors", such as human or system failures, and such mistakes are made clear when they do occur.

## 7 . The quality of Blue Book estimates

Unlike many of the short-term indicators we publish, there is no simple way of measuring the accuracy of the Blue Book dataset. All estimates, by definition, are subject to [statistical uncertainty](#).

For many well-established statistics, we measure and publish the [sampling error and non-sampling error](#) associated with the estimate, using this as an indicator of accuracy. Since sampling is typically done to determine the characteristics of a whole population, the difference between the sample and population values is considered a sampling error. Non-sampling errors are a result of deviations from the true value that are not a function of the sample chosen, including various systematic errors and any other errors that are not because of sampling.

The Blue Book dataset, however, is currently constructed from various data sources, some of which are not based on random samples or do not have published sampling and non-sampling errors available. This makes it very difficult to measure both error aspects and their impact on gross domestic product (GDP). While development work continues in this area, like all other G7 national statistical institutes (NSIs), we do not publish a measure of the sampling error or non-sampling error associated with this dataset.

## 8 . Reliability

Estimates for the most recent quarters are provisional and are subject to revision in the light of updated source information. We currently provide an analysis of past revisions in the gross domestic product (GDP) and other statistical bulletins that present data time series.

Our [revisions to economic statistics web page](#) brings together our work on revisions analysis, linking to articles and revisions policies. Revisions to data provide one indication of the reliability of main indicators.

## 9 . Further information

You can see all of our latest releases on the [Office for National Statistics \(ONS\) release calendar](#).

Details of the policy governing the release of new data are available from the [UK Statistics Authority](#).

We are committed to ensuring that all information provided is kept strictly confidential and will only be used for statistical purposes. Further details regarding confidentiality can be found in our [Respondent charter for business surveys](#) and [Respondent charter for households](#).

## 10 . Code of Practice

National Statistics are produced to high professional standards set out in the [Code of Practice for Statistics](#). They undergo regular quality assurance reviews to ensure that they meet user needs. They are produced free from any political interference.

## 11 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2024, ONS website, compendium chapter, [Background notes, UK National Accounts, The Blue Book: 2024](#)