

Article

National Accounts articles: Detailed assessment of changes to Sector and Financial Accounts annual estimates 1997 to 2011

This article gives the indicative impact of changes to the main Income and Capital and Financial Accounts (Sector and Financial Accounts) estimates, being introduced when revised figures for the UK National Accounts, consistent with Blue Book 2016 and Pink Book 2016, are published on 30 June 2016. This article covers the period from 1997 to 2011.

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1. Introduction

This article is part of a series describing [changes to National Accounts](#), detailing the improvements that will be made in June 2016 to ensure that the UK National Accounts continue to provide the best possible framework for analysing the UK economy and for comparing it with those of other countries.

On 30 June 2016, the Office for National Statistics (ONS) will publish revised figures for the UK National Accounts, including Gross Domestic Product (GDP), the Sector and Financial Accounts and the Balance of Payments.

Changes will be made in line with international standards adopted by all European Union (EU) member states and with worldwide best practice. These, and additional improvements that are being made, will ensure that the UK National Accounts continue to provide a reliable framework for analysing the UK economy and comparing it with other countries. This article focuses on the impact of methodological improvements to the Sector and Financial Accounts. A [series of articles](#) have been published previously that provided detailed descriptions of the methodological improvements being implemented.

This article provides a summary of each of the main improvements being implemented in Blue Book 2016 alongside the indicative overall impact and revisions to net lending or borrowing and other main aggregates in the financial accounts, balance sheets and income and capital accounts, by transaction and sector.

Other changes include moving the last base year and reference year for chained volume estimates forward by one year, from 2012 to 2013, in Blue Book 2016 and Pink Book 2016. There are also revisions from 1997 to 2011 to allow the incorporation of new data from survey data sources and benchmarking of quarterly and annual surveys.

The figures presented in this article are indicative estimates while final quality assurance is being undertaken. Final estimates of these data will be provided in an updated article on 7 June 2016 ahead of publication in the UK National Accounts on 30 June 2016.

The remainder of the article is structured as follows:

- Section 2 – Provides tables showing the indicative overall average impacts and revisions to the net lending /borrowing and other main aggregates in the financial accounts, balance sheets and income and capital accounts, by transaction and sector
- Section 3 – Sets out the plans for future updates.
- Appendix A – Provides charts showing the indicative estimates of the aggregate net lending/borrowing revisions by sector as a result of the main changes being implemented
- Appendix B – Provides a chart showing the indicative estimates to aggregate revisions to households and non-profit institutions serving households (NPISH) saving ratio

2. Methodological and other changes affecting the sector and financial accounts

2.1 Estimates of the impact on net lending/borrowing by sector

This article sets out the average indicative impact of changes from 1997 to 2011.

Table 1 sets out the indicative average impact of the changes being introduced into the Sector and Financial Accounts for 1997 to 2011, when revised figures for the UK National Accounts, consistent with Blue Book 2016 and Pink Book 2016, are published on 30 June 2016.

Table 1: Latest indicative average impact of the changes to the net lending/borrowing (B.9n) of sectors for 1997 to 2011, £billion

Sector	Total Impact upon net lending /borrowing from the income and capital account (B.9n)			Total Impact upon net lending /borrowing from the financial account (B.9f)			Total Impact upon financial net worth from the Balance Sheets (BF.90)		
	Methodological changes	Other	Impact estimated net lending(+) / borrowing (-) position	Methodological changes	Other	Impact estimated net lending(+) / borrowing (-) position	Methodological changes	Other	Impact estimated net worth (+/-) position
Public corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2
Private non-financial corporations	-0.1	1.1	1.0	-0.2	-0.2	-0.4	-2.8	-3.1	-5.9
Financial corporations	0.0	-1.0	-1.0	-0.3	0.3	0.0	-0.1	0.0	-0.1
Central government	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.3	0.3
Local government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.1	-1.1
General government	0.0	0.1	0.1	0.0	0.1	0.1	0.0	-0.8	-0.8
Household and non-profit institutions serving households	0.0	-0.3	-0.3	0.1	-0.3	-0.2	0.6	35.5	36.1
Rest of world	0.0	0.3	0.3	0.3	0.1	0.4	2.2	-31.2	-29.0

Source: Office for National Statistics

2.2 Summary of the improvements impacting Sector and Financial Accounts

2.2.1 Imputed rental of owner-occupier dwellings

Imputed rental is an estimate of the housing services consumed by households who are not actually renting their residence. Conceptually it is the amount that non-renters pay themselves for the housing services that they are producing. This is a legitimate and important component since the value represented by housing services should not depend upon whether they are consumed by an owner occupier or otherwise.

[An article, National Accounts: Imputed Rental](#), published on 23 March 2016, gives details of the methodological changes being introduced in Blue Book 2016.

Table 2 shows the estimated indicative average impact on the sectors and transactions affected by the revised methodology for the period 1997 to 2011.

Table 2: Estimated indicative impacts in the Income and Capital Account due to the methodological changes to imputed rentals, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997 to 2011	Average revision to net lending /borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.11002+S.11003 - Private non-financial corporations	B.2g - Gross operating surplus	0.0	0.0	0.0	0.0	N/A
	D.42 - Distributed income of corporations, use	0.0				
S.14+S.15 - Household and non-profit institutions serving households	B.2g - Gross operating surplus	46.5	0.0	0.0	0.0	-0.5
	D.11 - Wages and salaries, resource	0.5				
	D.42 - Distributed income of corporations, resource	0.1				
	P.3 - Final consumption expenditure, use	47.1				
S.2 - Rest of the World	B.11 External balance of goods and services	0.0	0.0	0.0	0.0	N/A

Source: Office for National Statistics

2.2.2 Gross fixed capital formation improvements made to dwellings

During quality assurance of the gross fixed capital formation system a processing error was identified; an adjustment factor was incorrectly being applied to the VAT rate in all years, and this is now being corrected at the first opportunity.

Table 3 shows the estimated indicative average impact on the sectors and transactions affected by the improvements for the period 1997 to 2011.

Table 3: Estimated indicative impacts due to methodological changes to gross fixed capital formation for improvements made to dwellings, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.14+S.15 - Household and non-profit institutions serving households	B.2g - Gross operating surplus	-1.3	0.0	0.0	0.0	N/A
	P.51g - Gross fixed capital formation	-1.3				

Source: Office for National Statistics

2.2.3 Illegal activities

As a result of addressing a Gross National Income (GNI) ESA 1995 reservation concerning the measurement of illegal activities in Blue Book 2014, improvements were implemented and these are described in the article [Inclusion of illegal drugs and prostitution in the UK National Accounts](#). In compiling estimates of illegal drugs and prostitution, Dutch evidence about holidays taken by prostitutes has been taken into account. The Dutch have estimated the total holidays to be 12 weeks a year and the same factor has been applied to the UK estimates.

Table 4 shows the estimated indicative impact on the sectors and transactions affected by the revised methodology for the period 1997 to 2011.

Table 4: Estimated indicative impacts to the Income and Capital Account due to the improvements made to illegal activities 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.14+S.15 - Household & NPISH	B.3g - Mixed income	-0.9	0.0	0.0	0.0	N/A
	P.31 - individual consumption expenditure	-0.9				

Source: Office for National Statistics

2.2.4 Correction to gross fixed capital formation for agricultural data

Discussions with the Department for Environment, Food and Rural Affairs (Defra) have identified a processing error in the calculation of gross fixed capital formation for the agricultural sector; disposals were not being deducted correctly, leaving an artificially inflated net figure. This has now been corrected.

Table 5 shows the estimated indicative impact on the sectors and transactions affected by the improvements for the period 1997 to 2011.

Table 5: Estimated indicative impacts to the Income and Capital Account due to the correction to gross fixed capital formation for agricultural data, UK 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio
				Min	Max	
S.11002+S.11003 - Private non-financial corporations	B.3g - Mixed income	-1.0	0.0	0.0	0.0	N/A
	P.51g - Gross fixed capital formation	-1.0				

Source: Office for National Statistics

2.2.5 Improvements to own account construction

A GNI ESA 1995 reservation for own account construction (within gross fixed capital formation) was addressed during Blue Book 2014 and is described in the article [Changes stemming from improved comparability of Gross National Income measurement](#). At the time of implementation, the data up to 2010 used a benchmark for self-builds data with a base year of 2006. We are now able to produce a more timely annual benchmark figure for self-build homes for all years from 2007 to 2013.

Table 6 shows the estimated indicative impact on the Income and Capital Account for the sectors and transactions affected by the revised methodology for the period 1997 to 2011.

Table 6: Estimated indicative impact on the Income and Capital Account due to improvements to own account construction, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.14+S.15 - Household & NPISH	B.2g - Gross operating surplus	-0.2	0.0	0.0	0.0	N/A
	P.51g - Gross fixed capital formation	-0.2				

Source: Office for National Statistics

2.2.6 Improvements to the Sector and Financial Accounts resulting from the UK Flow of Funds developments

In late 2014, ONS began working in partnership with the Bank of England to improve the coverage, quality and granularity of flow of funds statistics for the UK. In November 2015, ONS and the Bank jointly published the most [comprehensive review of financial statistics](#) for some years. The review highlighted strengths in the current estimates, but also areas where the quality of current statistics could be improved or undergo further review.

We have taken forward additional work since this review and consequently will be making 3 improvements to the Sector and Financial Accounts in June 2016. This is to ensure that the UK National Accounts continue to provide the best possible framework for analysing the UK economy, and for comparison with other countries, 3 improvements being implemented are:

1. estimation of deposits with monetary financial institutions
2. levels of UK listed shares and mutual funds
3. levels of UK bonds

Details of the improvements were published in [The UK Flow of Funds Project: Comprehensive review of the UK Financial Accounts](#).

2.2.6.1 Estimation of deposits with monetary financial institutions

During the review of the Financial Accounts, a discrepancy was found between the estimates of balance sheet levels of transferable deposits with monetary financial institutions published as part of the National Accounts and the source data from the Bank of England.

Table 7 shows the estimated indicative impact of the improvements of deposits with monetary financial institutions on sectors and transactions.

Table 7: Estimated indicative impact to the Balance Sheet due to improvements to the estimation of transferable deposits with monetary financial institutions, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to financial net worth (BF.90) 1997-2011	Financial net worth variance of revisions 1997-2011		Households and non-profit institutions serving households saving ratio %
				Min	Max	
S.12 - Financial corporations	AF.22 - Transferable deposits, assets	54.3	0.0	0.0	0.0	N/A
	AF.22 - Transferable deposits, liabilities	54.3				

Source: Office for National Statistics

The average revision to the assets and liabilities of £54.3 billion when looked at as a proportion of the AF.22 assets and liabilities are 1.2% and 0.8% respectively.

2.2.6.2 Estimation of bonds, UK listed shares and mutual funds

An issue was identified between the levels of UK listed shares and mutual funds reported in the National Accounts and by the London Stock Exchange. ONS processes bonds and shares within the same system and consequently, when an issue was identified with the processing of shares, estimates of bonds were reviewed for due diligence. Investigatory analysis confirmed that some UK bonds were also not captured during the processing of the data.

Table's 8, 9 and 10 show the estimated indicative impact for the levels of UK listed shares, mutual funds and bonds on sectors and transactions for the Income and Capital Account, Financial Account and Net Worth on the Balance Sheet.

Table 8: Estimated indicative impact due to improvements to the levels of UK listed shares and mutual funds and the levels to bonds for the Income and Capital Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending /borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.11002+S.11003 - Private non-financial corporations	D.41 - Interest, resource	0.0	0.0	-0.1	0.0	N/A
	D.42 - distributed income of corporations, resource	0.0				
	D.41 - Interest, use	0.0				
S.12 - Financial corporations	D.41 - Interest, resource	-0.1	0.0	-0.7	0.0	N/A
	D.42 - Distributed income of corporations, resource	0.0				
	D.41 - Interest, use	0.0				
	D.42 - Distributed income of corporations, use	0.0				
	D.4431 - Dividends, use	0.0				
	D.4432 - Retained earnings use	0.0				
S.14+S.15 - Household and non-profit institutions serving households	D.41 - Interest, resource	0.0	0.0	0.0	0.0	N/A
	D.42 - Distributed income of corporations, resource	0.0				
	D.4431 - Dividends, resource	0.0				
	D.4432 - Retained earnings, resource	0.0				
	D.41 - Interest, use	0.0				
S.2 - Rest of the World	D.41 - Interest, resource	0.1	0.1	0.0	0.8	N/A

D.42 - 0.0
Distributed
income of
corporations,
resource

Source: Office for National Statistics

Table 9: Estimated indicative impact due to improvements to the levels of UK listed shares and mutual funds and the levels to bonds for the Financial Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9f) 1997-2011	Net lending/borrowing variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	F.32 - Long-term debt securities, liability	0.1	-0.1	-2.1	0.0
S.12 - Financial corporations	F.32 - Long-term debt securities, liability	0.2	-0.3	-4.1	0.0
	F.51 - Equity, liability	0.0			
	F.52 - Investment funds shares units, liability	0.1			
S.14+S.15 - Household and non-profit institutions serving households	F.51 - Equity, asset	0.0	0.1	0.0	0.9
	F.52 - Investment Fund Shares /Units, asset	0.1			
S.2 - Rest of the world	F.32 - Long term debt securities, asset	0.3	0.3	0.0	5.2
	F.51 - Equity, asset	0.0			

Source: Office for National Statistics

Table 10: Estimated indicative impact due to improvements to the levels of UK listed shares and mutual funds and the levels to bonds for the balance sheet, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to financial net worth (BF. 90) 1997-2011	Financial net worth variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	AF.51 - Equity, asset	0.1	-2.7	-40.7	0.0
	AF.32 - Long-term debt securities, liability	0.9			
	AF.51 - Equity, liability	1.9			
S.12 - Financial corporations	AF.51 - Equity, asset	0.8	-0.1	-1.8	0.0
	AF.32 - Long-term debt securities, liability	0.5			
	AF.51 - Equity, liability	0.4			
	AF.52 - Investment funds shares units, liability	0.1			
S.14+S.15 - Households and non-profit institutions serving households	AF.51 - Equity, asset	0.5	0.6	0.0	8.8
	AF.52 - Investment Fund Shares/Units, asset	0.1			
S.2 - Rest of the world	AF.32 - Long term debt securities, asset	1.4	2.2	0.0	33.6
	AF.51 - Equity, asset	0.8			

Source: Office for National Statistics

2.2.7 The treatment of Eurostar equity sale in National Accounts

In March 2015, the UK government (HMG) reached agreement for the sale of its stake in Eurostar International Limited ("Eurostar") for £757.1 million. The cash transaction took place in May 2015 when the sale materialised. A consortium comprising Caisse de dépôt et placement du Québec (CDPQ) and Hermes Infrastructure (part of Hermes Investment Management) agreed to acquire government's 40% stake in Eurostar for £585.1 million; of which CDPQ and Hermes Infrastructure intend to own 30% and 10% of the stake respectively. On closing the sale of the government stake, Eurostar has agreed to redeem HMG's preference share, providing a further £172 million for the exchequer.

Prior to the sale, London and Continental Railways Limited (currently classified as Public Corporation) had transferred its ownership of Eurostar equity to HM Treasury in June 2014. This transaction has not yet been recorded in the National Accounts and will be implemented along with the transaction of the equity sale.

Tables 11 and 12 show the estimated indicative impact on the sectors and transactions for the treatment of Eurostar equity sale in the National Accounts.

Table 11: Estimated indicative impact due to improvements for the treatment of Eurostar equity sale for the Financial Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9f) 1997-2011	Net lending/borrowing variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	F.51 - Equity, liability	0.0	0.0	-0.5	0.0
S.1312 - Central government	F.51 - Equity, asset	0.0	0.0	0.0	0.5

Source: Office for National Statistics

Table 12: Estimated indicative impact due to improvements for the treatment of Eurostar Equity Sale for the balance sheet, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to financial net worth (BF.90) 1997-2011	Financial net worth variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	AF.51 - Equity, liability	0.1	-0.1	-0.5	0.0
S.1311 - Central government	AF.51 - Equity, asset	0.1	0.1	0.0	0.5

Source: Office for National Statistics

2.2.8 Natural gas imports from Norway

Her Majesty's Revenue and Customs (HMRC) have amended the methodology for collecting data for the compilation of natural gas traded with non-EU partners. This change only affects non-EU imports of natural gas and has already been applied in the UK Trade statistical release for 2014 onwards. At Blue Book 2016, this change is being implemented back to 2011 and so, for the purposes of the period being presented in this article, only 2011 is impacted. Details of this change are [published](#) on HMRC's website.

Tables 13 to 15 show the estimated indicative impact on the sectors and transactions for the Norway natural gas imports improvements.

Table 13: Estimated indicative impact due to improvements to natural gas imports from Norway for the Income and Capital Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.11002+S.11003 - Private non-financial corporations	B.2g - Gross operating surplus	-0.1	-0.1	-1.4	0.0	N/A
S.2 - Rest of the World	B.2g - Gross operating surplus	0.1	0.1	0.0	1.4	N/A

Source: Office for National Statistics

Table 14: Estimated indicative impact due to improvements to natural gas imports from Norway for the Financial Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9f) 1997-2011	Net lending/borrowing variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	F.21 - Currency, assets	-0.1	-0.1	-1.4	0.0
S.2 - Rest of the World	F.21 - Currency, assets	0.1	0.1	0.0	1.4

Source: Office for National Statistics

Table 15: Estimated indicative impact due to improvements to natural gas imports from Norway for the balance sheets, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to financial net worth (BF.90) 1997-2011	Financial net worth variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	AF.21 - Currency, assets	-0.1	-0.1	-1.4	0.0
S.2 - Rest of the world	AF.21 - Currency, assets	0.1	0.1	0.0	1.4

Source: Office for National Statistics

2.2.9 Improvements to private non-financial corporation's balance sheet

As part of Blue Book 2015, loans by the European Investment Bank (EIB) to Network Rail were reclassified to the public sector. This was implemented by subtracting the loans from the private non-financial corporations (PNFC) balance sheet (long-term loans from the rest of the world) and moving them to the central government balance sheet. However, these loans had previously been classified as short-term loans on the PNFC balance sheet. The treatment of these loans has now been improved, so that they are consistently classified throughout as long-term loans.

This has the impact of decreasing short-term loan liabilities and increasing long-term loan liabilities on the PNFC balance sheet, with the issuer of the loan (the Rest of the World sector) having corresponding changes in assets. The changes have no impact on central government.

Tables 16 and 17 shows the estimated indicative impact on the sectors and transactions for the improvements to the PNFC balance sheet.

Table 16: Estimated indicative impact due to improvements to the PNFC balance sheet from Network Rail on the Financial Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9f) 1997-2011	Net lending/borrowing variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	F.41 - Short term loans, liability	0.1	0.0	0.0	0.0
	F.424 - Other Long-Term Loans, liability	-0.1			
S1311 - Central government	F.424 - Other long-term loans, assets	0.0	0.0	0.0	0.0
S2 - Rest of the world	F.41 - Short term loans, assets	0.1	0.0	0.0	0.0
	F.424 - Other long-term loans, asset	-0.1			

Source: Office for National Statistics

Table 17: Estimated indicative impact due to improvements to the PNFC balance sheet due to Network Rail, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to financial net worth (BF.90) 1997-2011	Financial net worth variance of revisions 1997-2011	
				Min	Max
S.11002+S.11003 - Private non-financial corporations	AF.41 - Short term loans, liability	-0.7	0.0	0.0	0.0
	AF.424 - Other Long-Term Loans, liability	0.7			
S.1311 - Central government	AF.424 - Other long-term loans, liability	0.0	0.0	0.0	0.0
S.2 - Rest of the world	AF.41 - Short term loans, assets	-0.7	0.0	0.0	0.0
	AF.424 - Other long-term loans, asset	0.7			

Source: Office for National Statistics

2.2.10 Changes to the treatment of non-market output and social transfers in kind

In order to comply with ESA 2010, non-market output must be sub-divided into payments for non-market output (P.131) and other non-market output provided for free (P.132). Payments received, except where they are classified as taxes or they are at economically significant prices, will now mostly qualify as P.131. Provision of services such as public order and safety (police and fire services etc.) and defence will now qualify as P.132.

Social transfers in kind (D.63) consist of individual goods and services provided freely, or at prices which are not economically significant, to individual household units by non-market producers, namely the General Government sector or NPISH sector (see ESA 2010 paragraph 4.108). ESA 2010 requires D.63 to be subdivided to represent whether General Government sector or NPISH sector directly provide the good and service to the household.

Details of the changes were published in an article [Methodological Changes to National Accounts: Transition to ESA 2010 – Changes to treatment of Non-Market Output and Social Transfers in Kind](#)

Table 18 shows the estimated indicative impact on the sectors and transactions for the changes to the treatment of non-market output and social transfers in kind.

Table 18: Estimated indicative impact due to changes to the treatment of non-market output and social transfers in kind, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/ borrowing (B.9n) 1997-2011	Net lending /borrowing variance of revisions 1997-2011		Households and Non-profit institutions serving households saving ratio %
				Min	Max	
S.1311 - Central government	D.63 - Social transfers in kind, resource	0.0	0.0	0.0	0.0	N/A
	P.31 - Individual consumption expenditure	0.0				
	P.32 - Collective consumption expenditure	0.0				
	P.42 - Actual collective consumption expenditure	0.0				
S.1313 - Local government	D.63 - Social transfers in kind, resource	-0.4	0.0	0.0	0.0	N/A
	P.31 - Individual consumption expenditure	-0.4				
	P.32 - Collective consumption expenditure	0.4				
	P.42 - Actual collective consumption expenditure	0.4				
S.14+S.15 - Household and non-profit institutions serving households	D.63 - Social transfers in kind, resource	-0.7	0.0	0.0	0.0	N/A
	D.63 - Social transfers in kind, use	-0.3				
	P.41 - Actual individual consumption expenditure	-0.4				

Source: Office for National Statistics

2.2.11 Holdings of property

An error was identified in the estimate of holdings of property for both UK assets (direct investment abroad) and UK liabilities (direct investment in the UK). Data from 1999 to the latest period are affected. Revised figures for all series will be published within the Quarterly National Accounts and Balance of Payments on 30 June 2016.

Tables 19 and 20 show the estimated indicative impact on the sectors and transactions of the error correction for the estimate of holdings of property for UK assets and UK liabilities.

Table 19: Estimated indicative impact of the error correction for the estimate of holdings of property to the Financial Account, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction 1997-2011	Average revision to net lending/borrowing (B.9f) 1997-2011	Net lending/borrowing variance of revisions 1997-2011	
				Min	Max
S.12 - Financial corporations	F.51 - Equity, asset	0.0	0.0	0.0	0.0
S.2 - Rest of the world	F.51 - Equity, liability	0.0	0.0	0.0	0.0

Table 20: Estimated indicative impact of the error correction or the estimate of holdings of property to the financial balance sheet, UK, 1997 to 2011, £billion

Sector impacted	Transaction impacted	Average revision to transaction	Average revision to financial net worth (BF. 90)	Financial net worth variance of revisions 1997-2011	
		1997-2011	1997-2011	Min	Max
S.11002+S.11003 - Private non-financial corporations	AF.51 - Equity, liability	4.3	-4.3	-7.6	0.0
S.12 - Financial corporations	AF.51 - Equity, asset	0.0	0.0	-0.3	0.1
S.14+S.15 - Households and non-profit institutions serving households	AF.51 - Equity, asset	35.5	35.5	0.0	74.3
S.2 - Rest of the world	AF.51 - Equity, asset	4.3	-31.2	-67.7	0.0
	AF.51 - Equity, liability	35.5			

Source: Office for National Statistics

2.2.12 Other changes impacting the accounts

There have been other changes impacting the net lending/borrowing in the Income and Capital and Financial Accounts and balance sheets. These include:

- improvements to Transport for London capital stock changes,
- a classification change for government standardised guarantees for help to buy,
- Crossrail business rates supplement impact; and
- changes to VAT fraud.

3. Plans for future updates

This article is part of a [series of impact articles](#) ahead of the Quarterly National Accounts consistent with Blue Book 2016 publication on 30 June 2016.

Table 21 gives a draft schedule for the remaining articles leading up to the publication of Blue Book 2016 on 29 July 2016. These dates are provisional. Final dates will be announced at least 1 month before each publication. A further article titled "Detailed assessment of changes to Sector and Financial Accounts 1997 to 2014" will be published on 7 June 2016 and will include further detail of the changes being implemented.

Table 21: Provisional publication schedule, UK Blue Book and Pink Book 2016

Article	Publication date
Impact on GDP current price and chained volume measure quarterly and annual estimates 1997 to 2014	Friday 20 May 2016
Detailed assessment of changes to sector and financial accounts 1997 to 2014	Tuesday 7 June 2016
Detailed assessment of changes to Balance of Payments 1997 to 2014	Tuesday 7 June 2016
Classification changes to National Accounts for Blue Book 2016	Tuesday 7 June 2016
Quarterly National Accounts Quarter 1 (Jan to Mar) 2016 (consistent with Blue Book 2016)	Thursday 30 June 2016
Balance of Payments Quarter 1 (Jan to Mar) 2016 (consistent with Pink Book 2016)	Thursday 30 June 2016
Impact of changes in the National Accounts and economic commentary for Quarter 1 (Jan to Mar) 2016	Thursday 30 June 2016
Blue Book 2016	Friday 29 July 2016
Pink Book 2016	Friday 29 July 2016

Source: Office for National Statistics

4. Appendix A

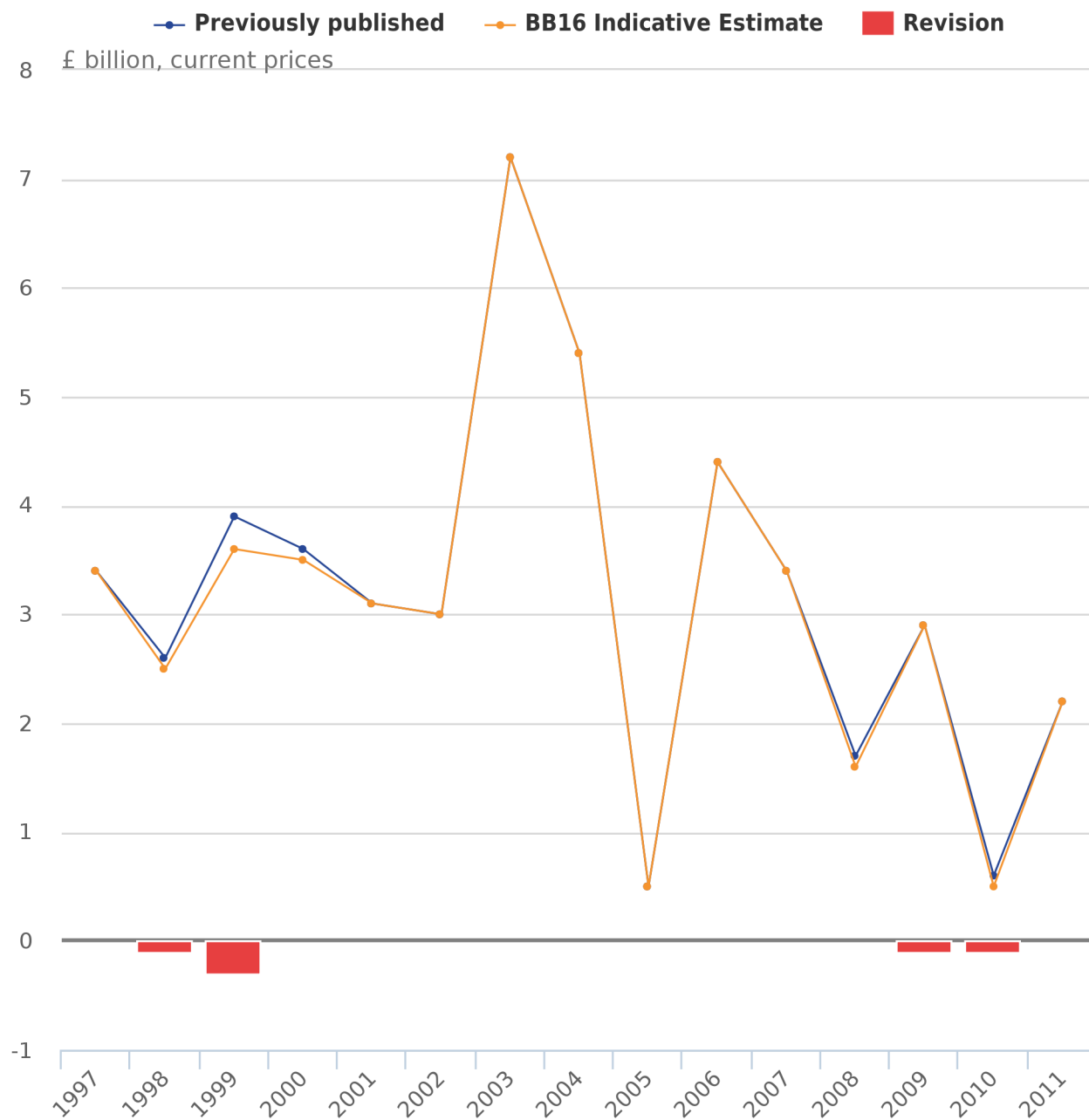
4. Estimated Net Lending/Borrowing by sector

The figures below show the previously published, estimated current position and associated revisions to the Income and Capital and Financial Accounts net lending/borrowing position, and the Financial Balance sheets by sector.

4.1 Public corporations

Figure 1: Public non-financial corporations net lending/borrowing from the income and capital account (B.9n)

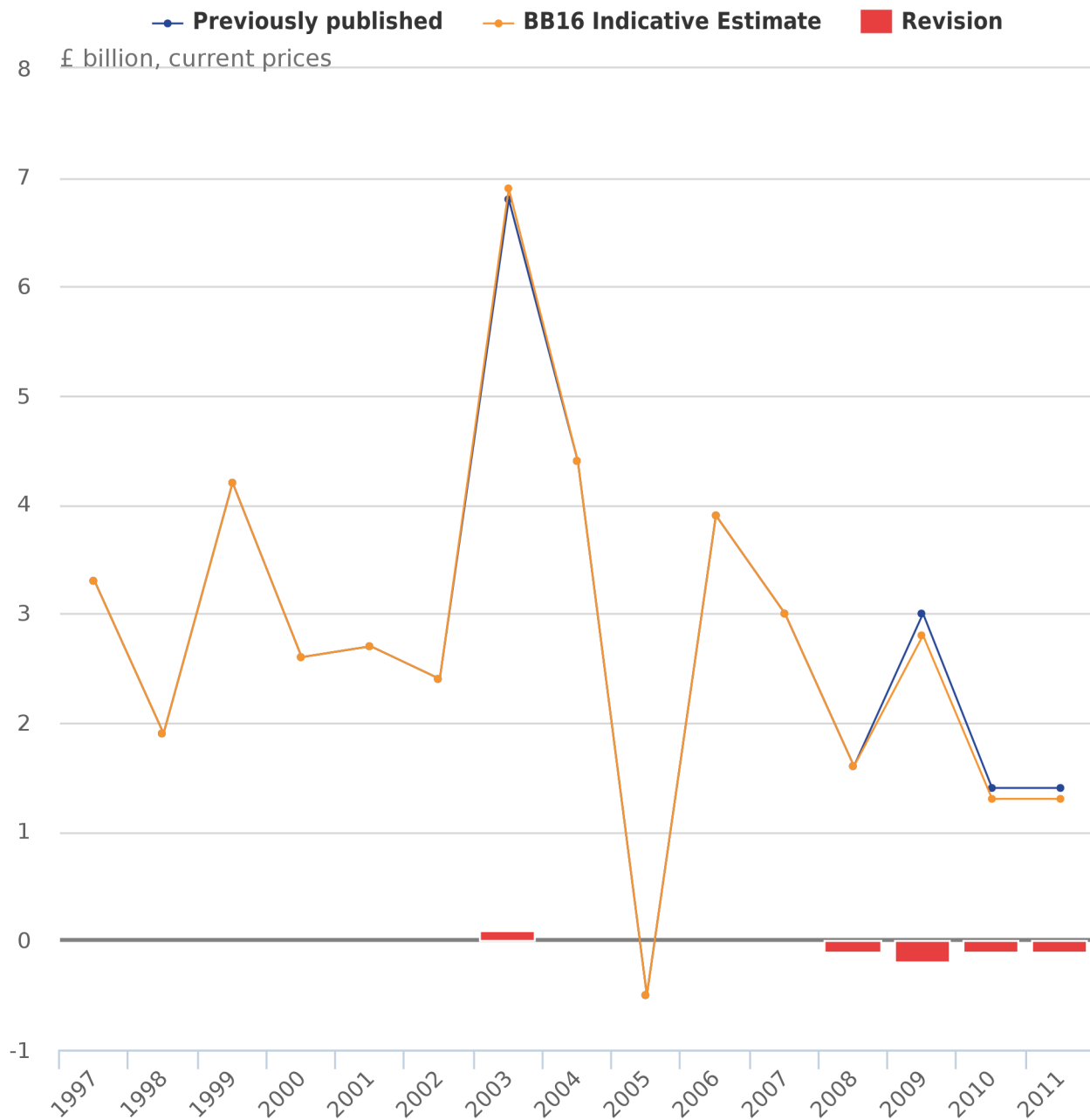
UK, 1997 to 2011



Source: Office for National Statistics

Figure 2: Public non-financial corporations net lending/borrowing from the financial account (B.9f)

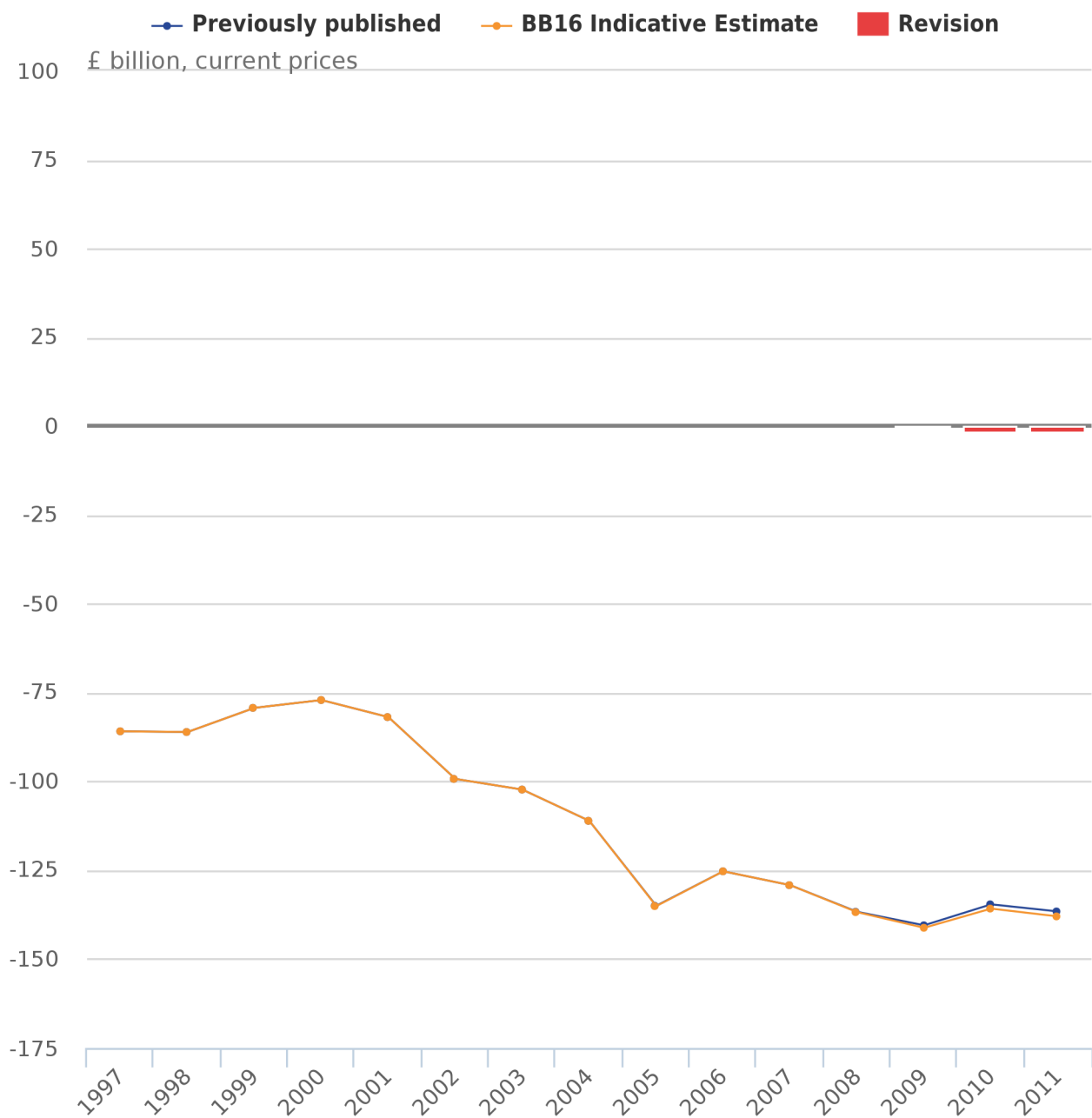
UK, 1997 to 2011



Source: Office for National Statistics

Figure 3: Public non-financial corporations financial net worth (BF.90)

UK, 1997 to 2011

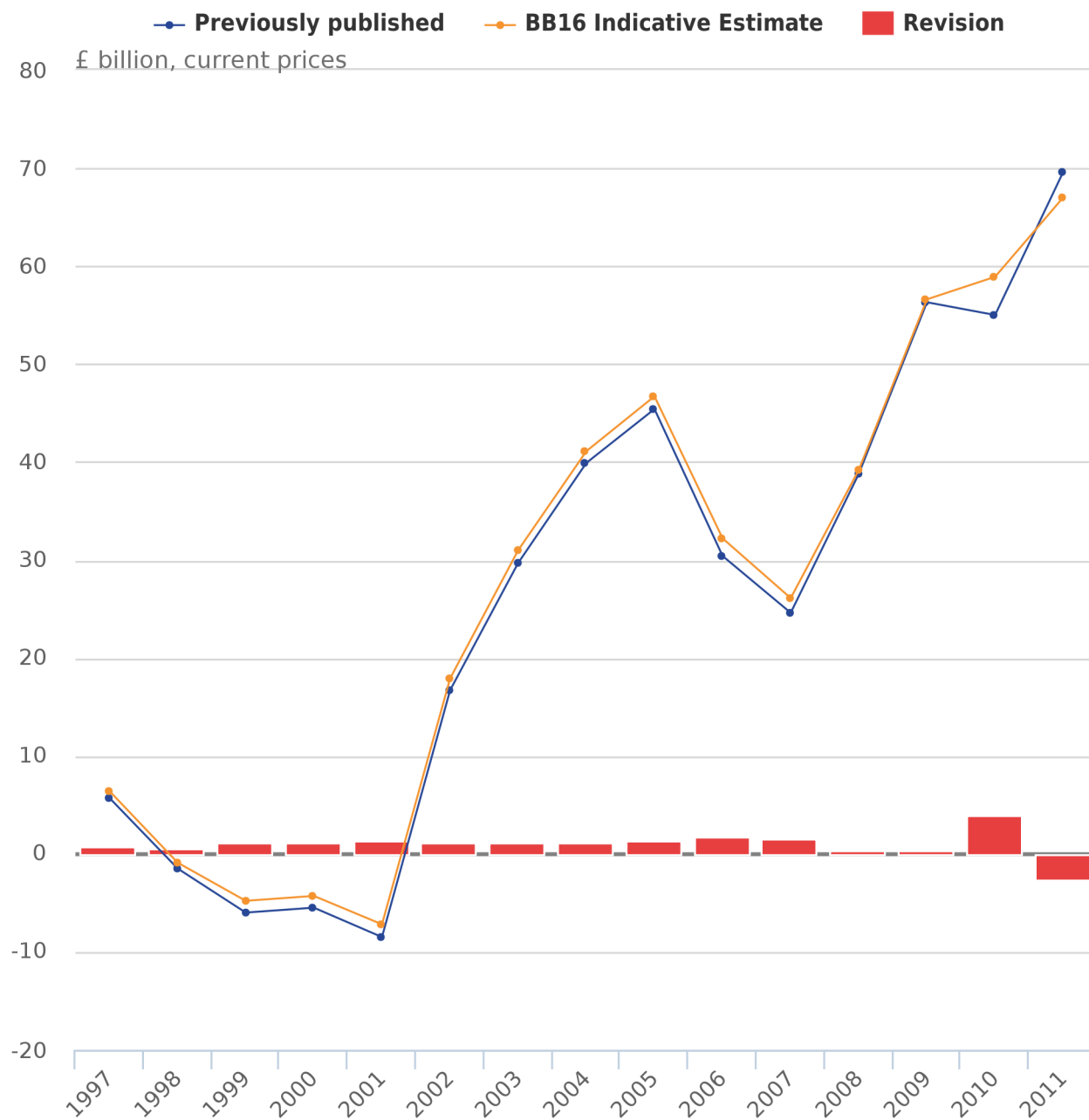


Source: Office for National Statistics

4.2 Private non-financial corporations

Figure 4: Private non-financial corporations net lending/borrowing from the capital account (B.9n)

UK, 1997 to 2011



Source: Office for National Statistics

Figure 5: Private non-financial corporations net lending/borrowing from the financial account (B.9f)

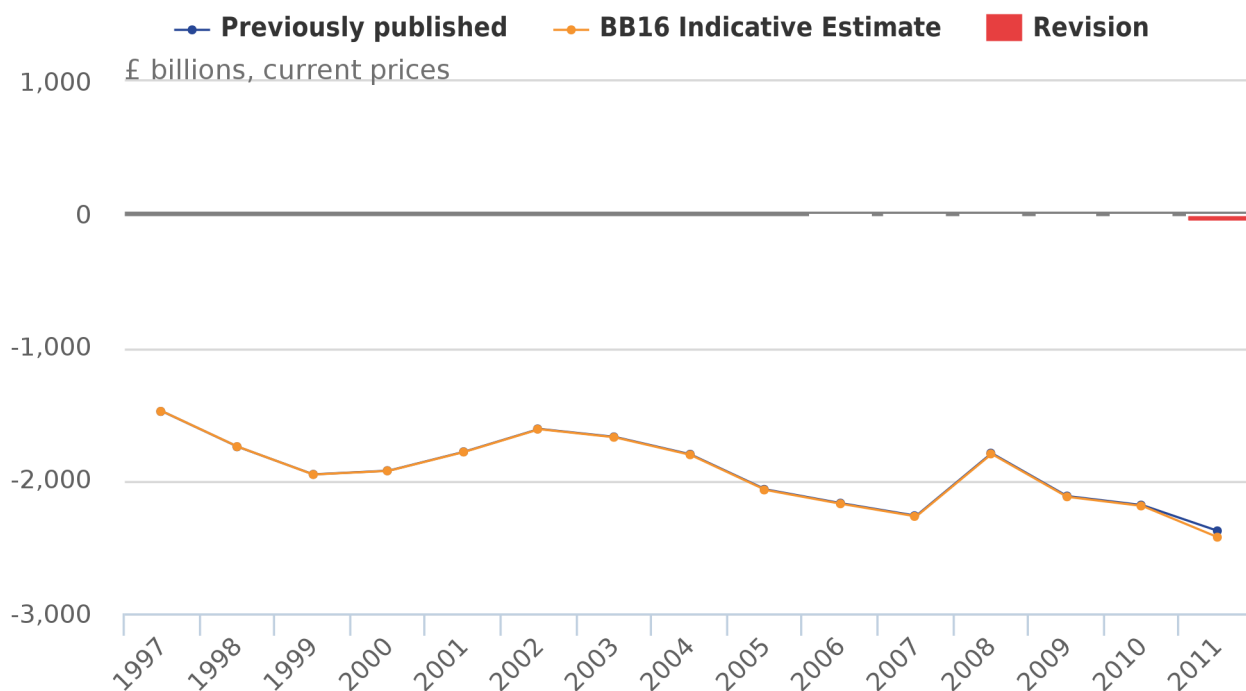
UK, 1997 to 2011



Source: Office for National Statistics

Figure 6: Private non-financial corporations net worth

UK, 1997 to 2011

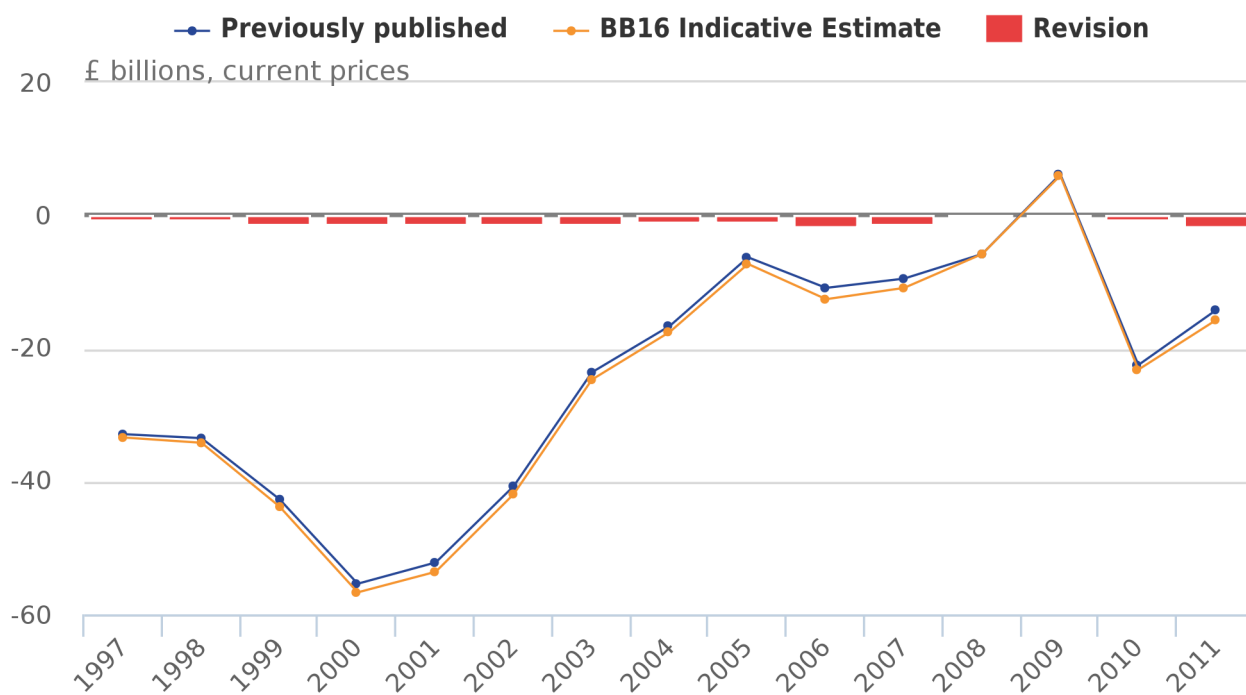


Source: Office for National Statistics

4.3 Financial Corporations

Figure 7: Financial corporations net lending/borrowing from the capital account

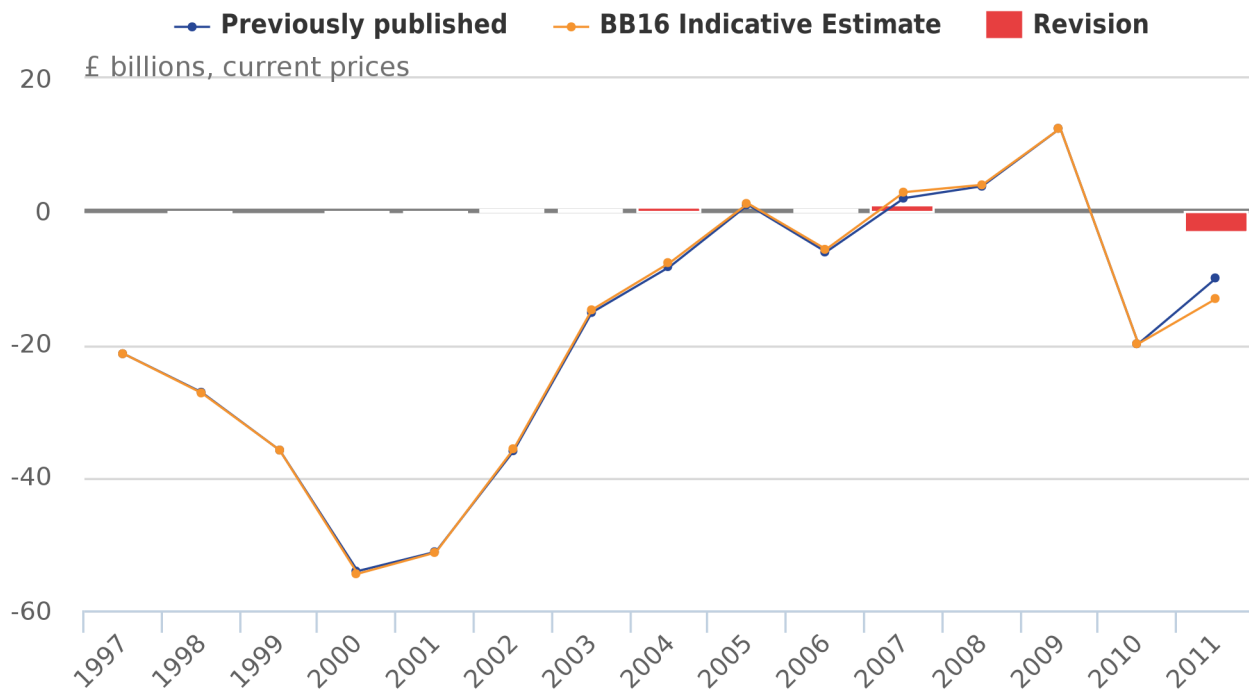
UK, 1997 to 2011



Source: Office for National Statistics

Figure 8: Financial corporations net lending/borrowing from the financial account

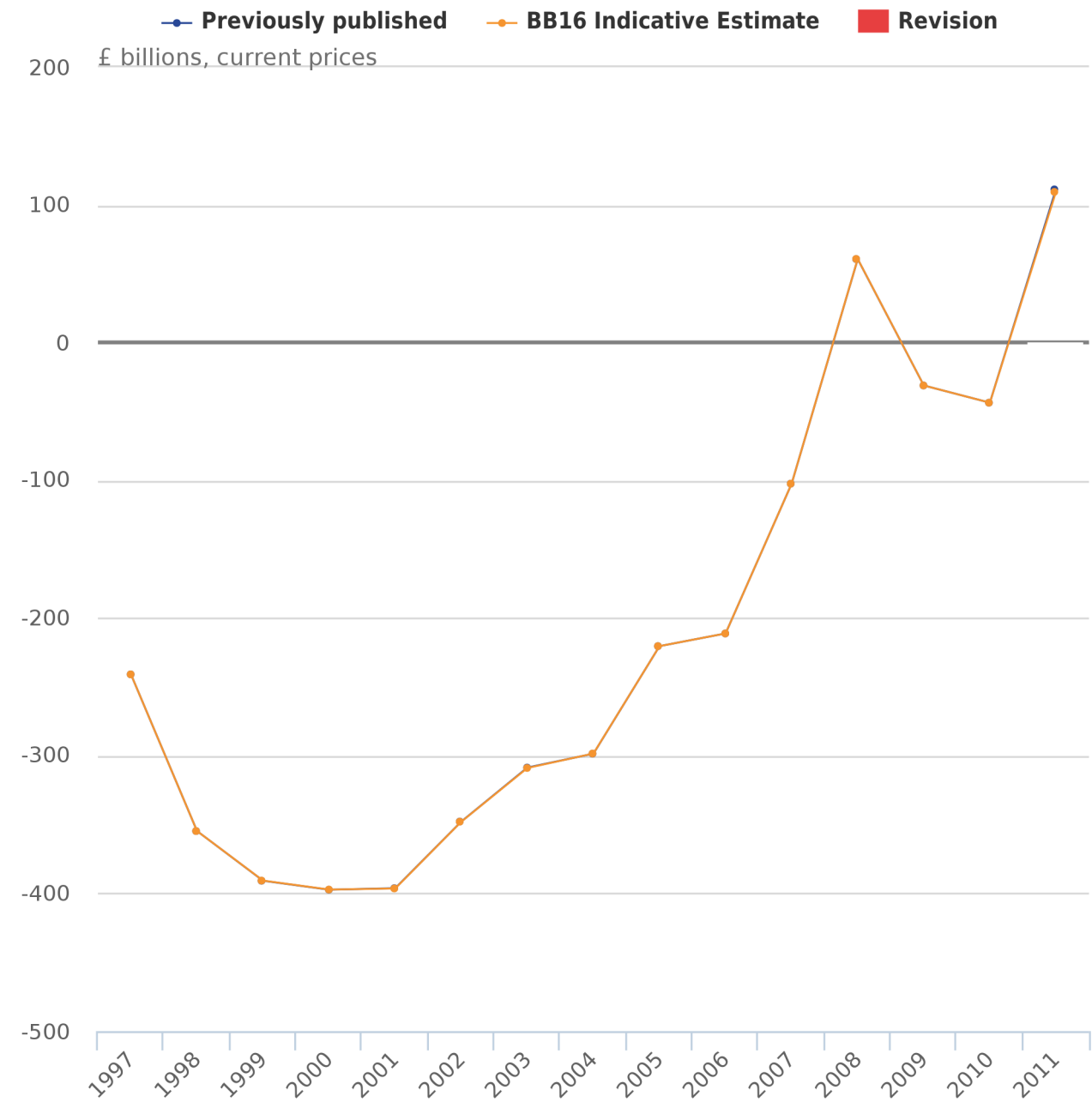
UK, 1997 to 2011



Source: Office for National Statistics

Figure 9: Financial corporations net worth

UK, 1997 to 2011

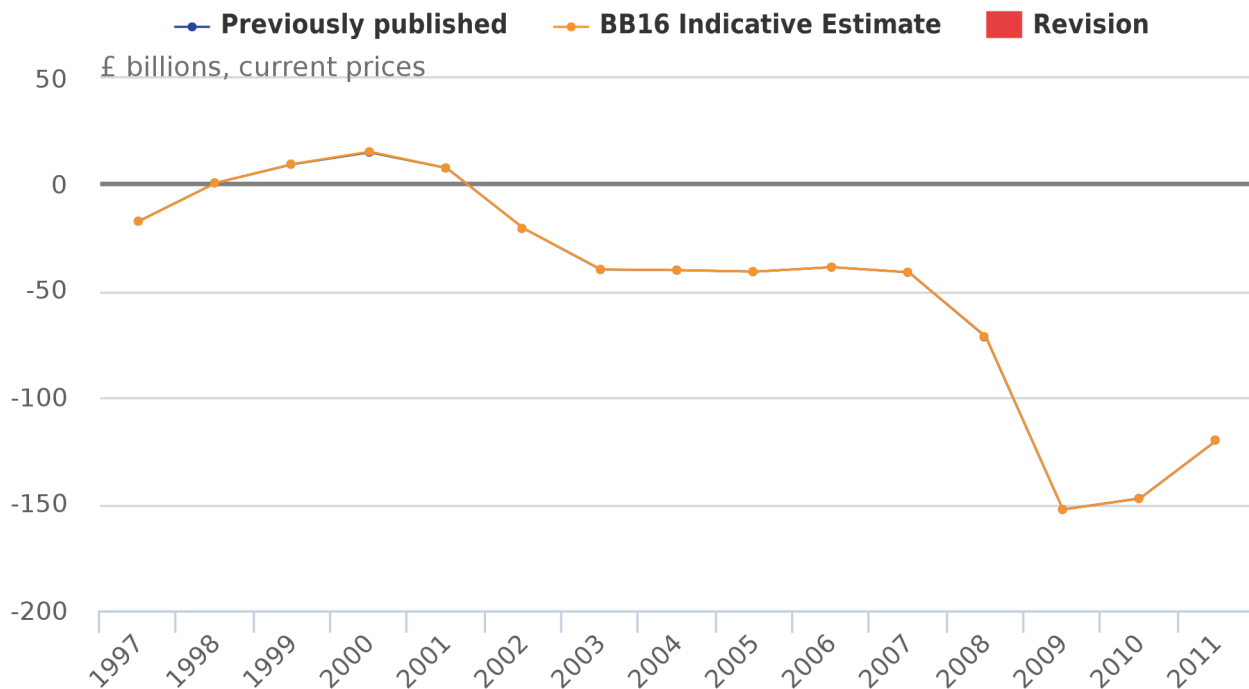


Source: Office for National Statistics

4.4 Central Government

Figure 10: Central government net lending/borrowing from the capital account

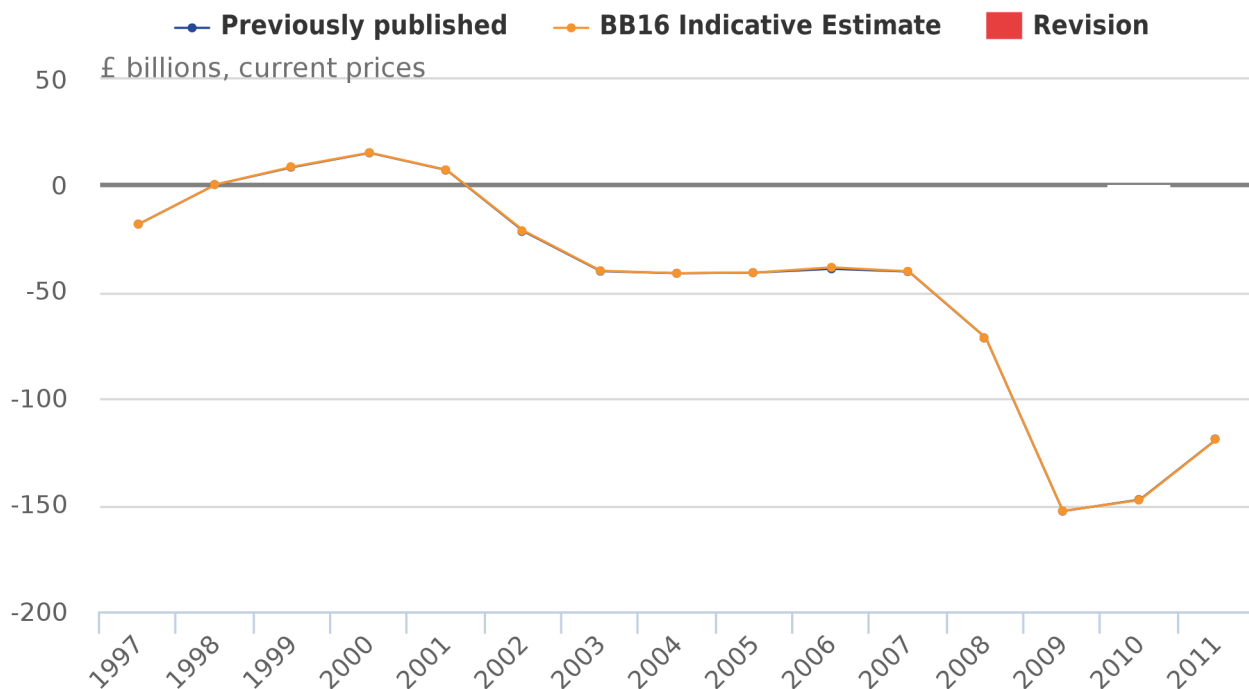
UK, 1997 to 2011



Source: Office for National Statistics

Figure 11: Central government net lending/borrowing from the financial account

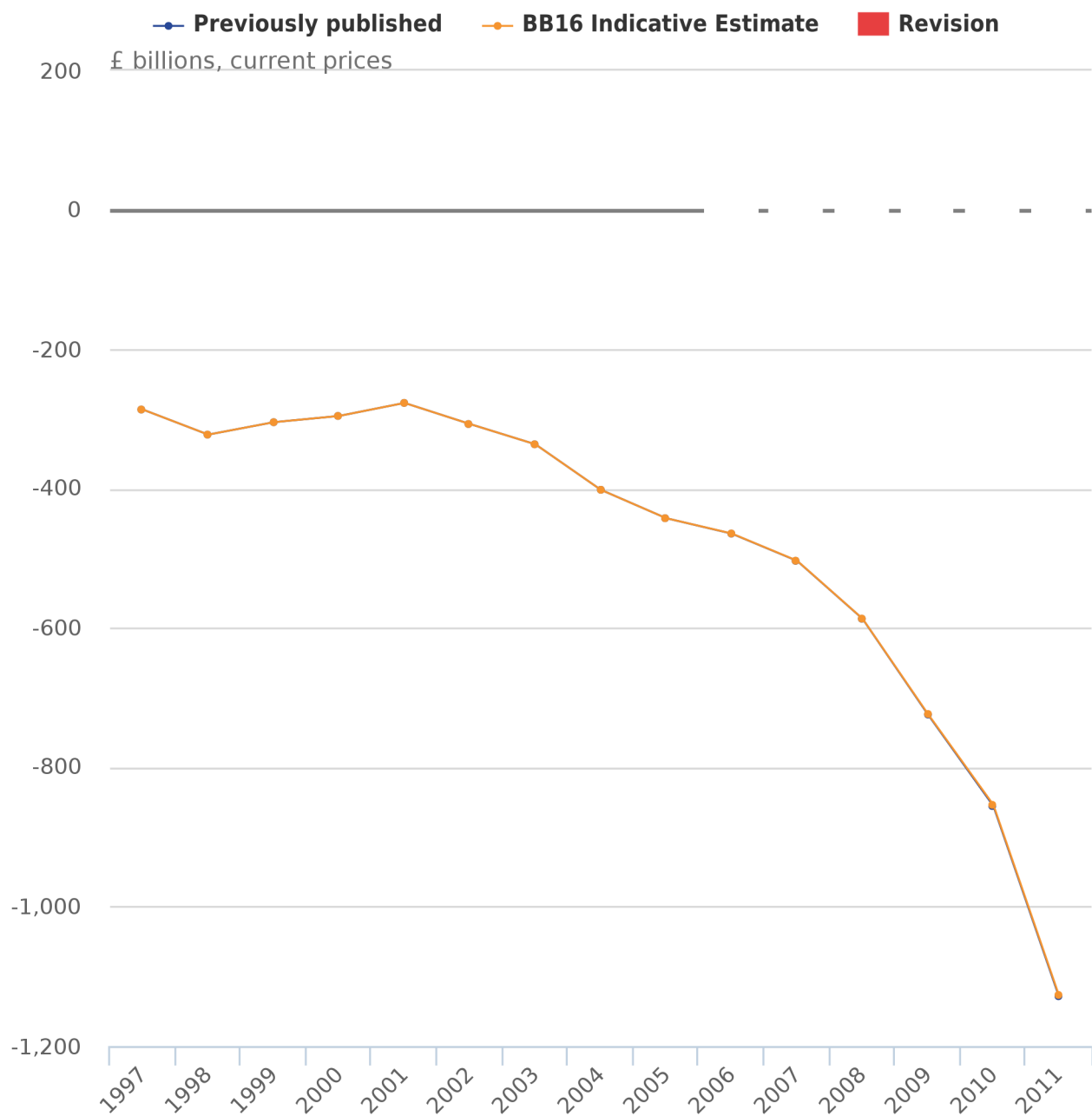
UK, 1997 to 2011



Source: Office for National Statistics

Figure 12: Central government net worth

UK, 1997 to 2011

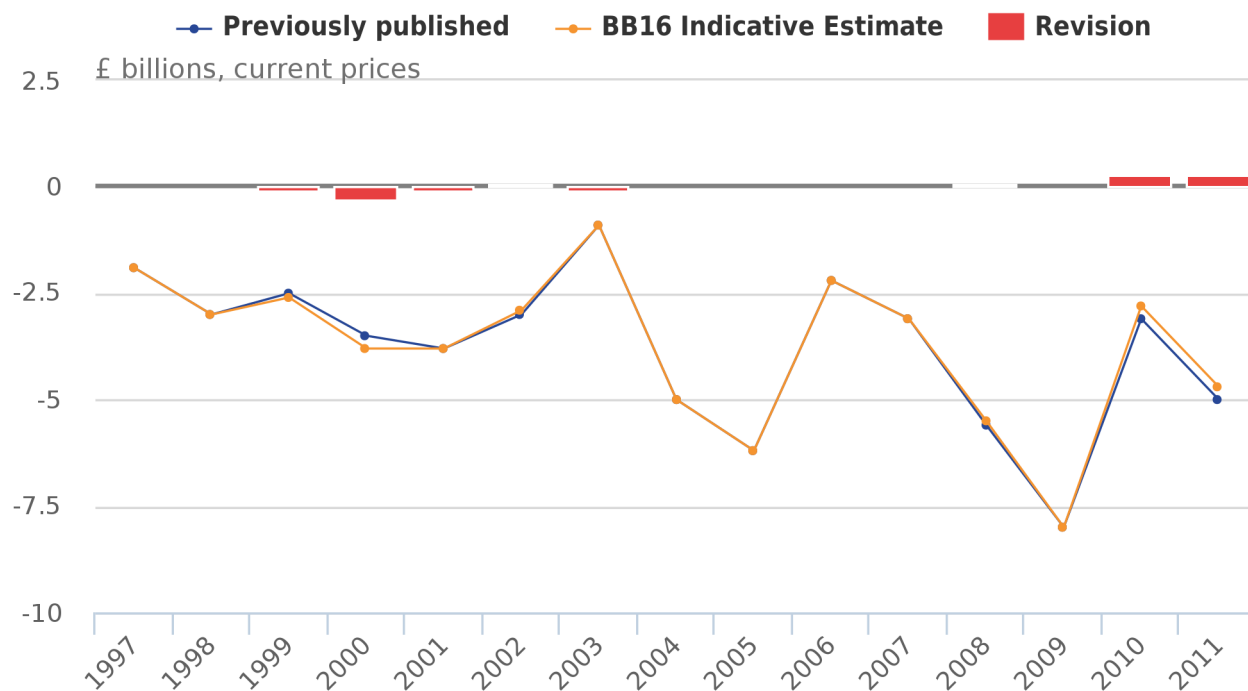


Source: Office for National Statistics

4.5 Local Government

Figure 13: Local government net lending/borrowing from the capital account

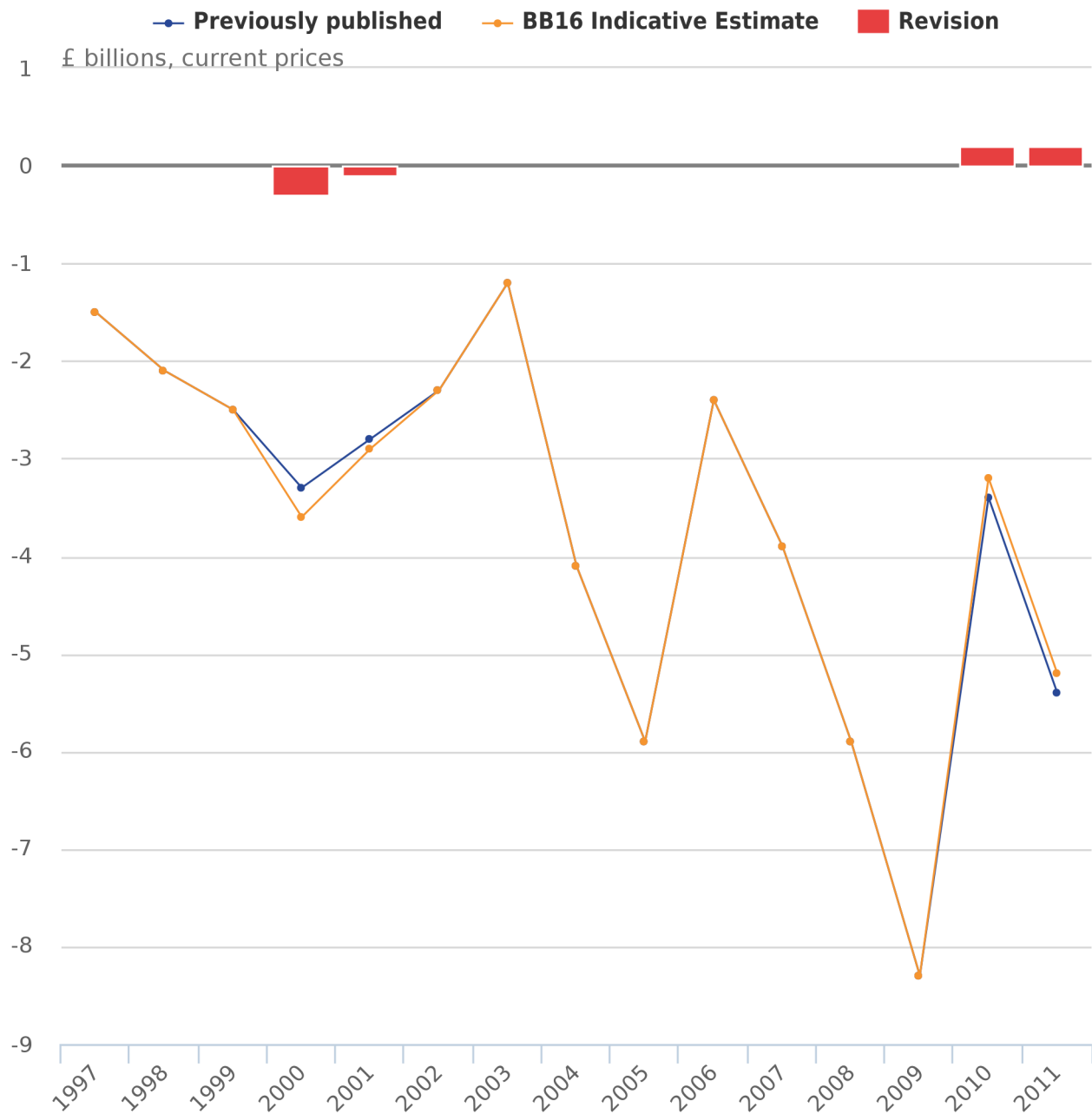
UK, 1997 to 2011



Source: Office for National Statistics

Figure 14: Local government net lending/borrowing from the financial account

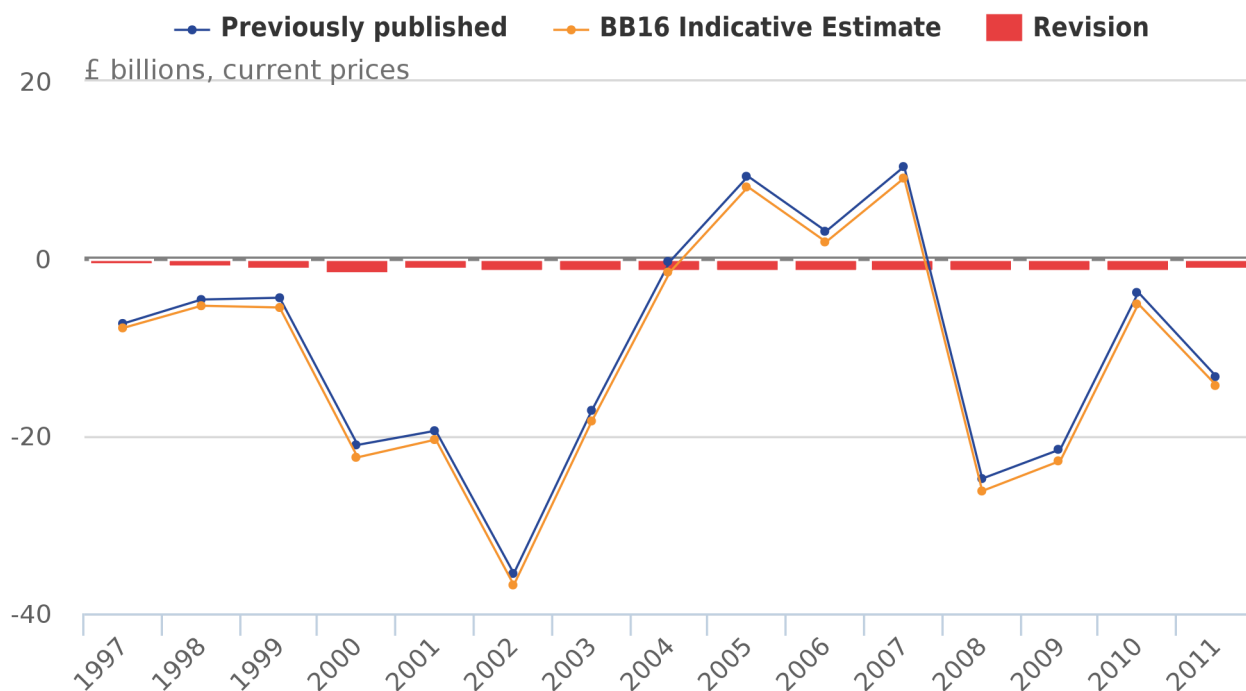
UK, 1997 to 2011



Source: Office for National Statistics

Figure 15: Local government net worth

UK, 1997 to 2011

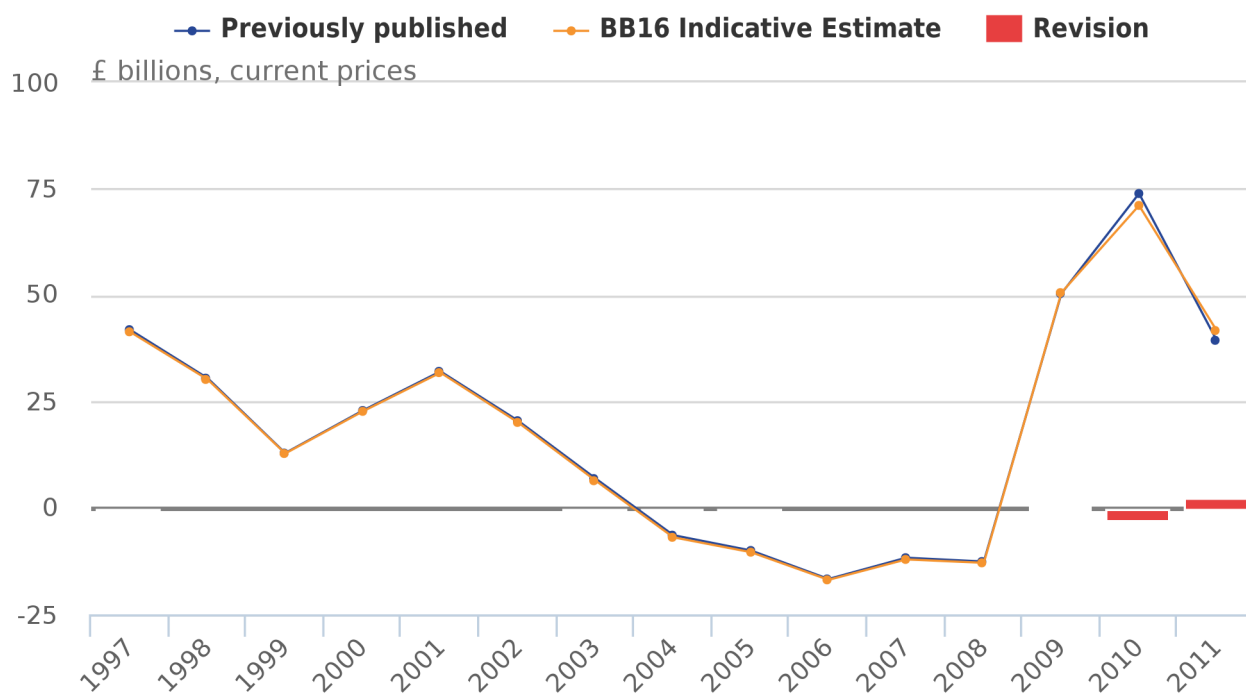


Source: Office for National Statistics

4.6 Households and NPISH

Figure 16: Households and NPISH net lending/borrowing from the capital account

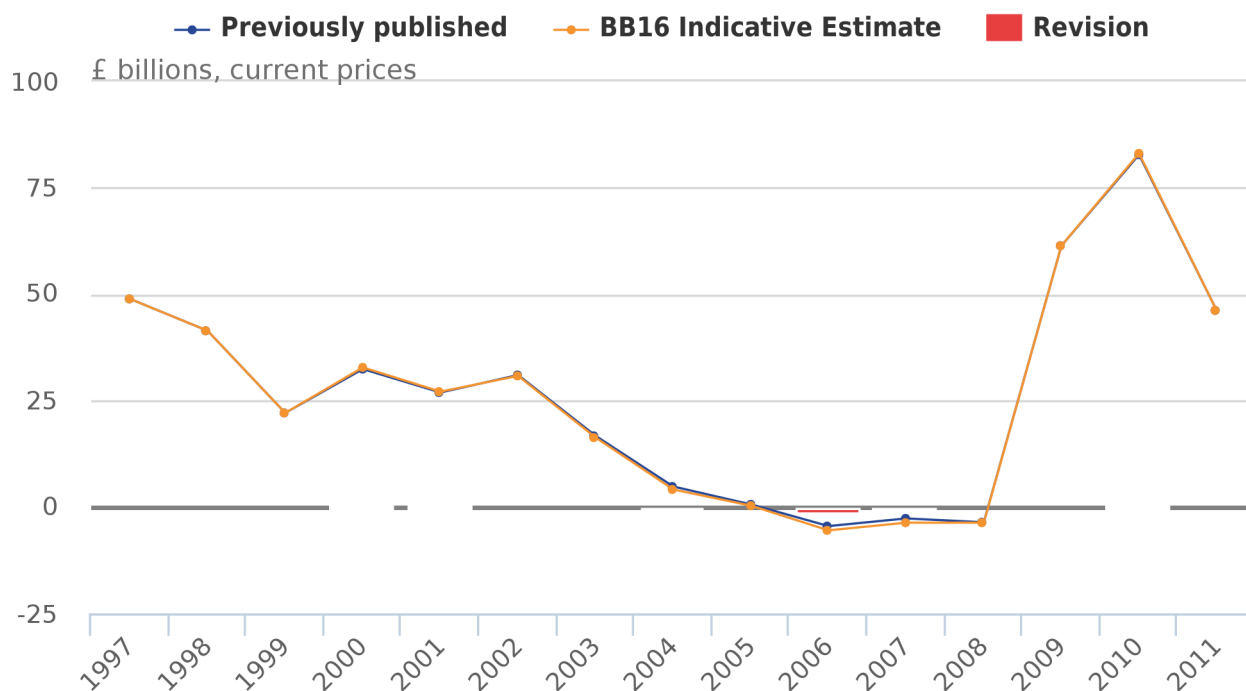
UK, 1997 to 2011



Source: Office for National Statistics

Figure 17: Households and NPISH net lending/borrowing from the financial account

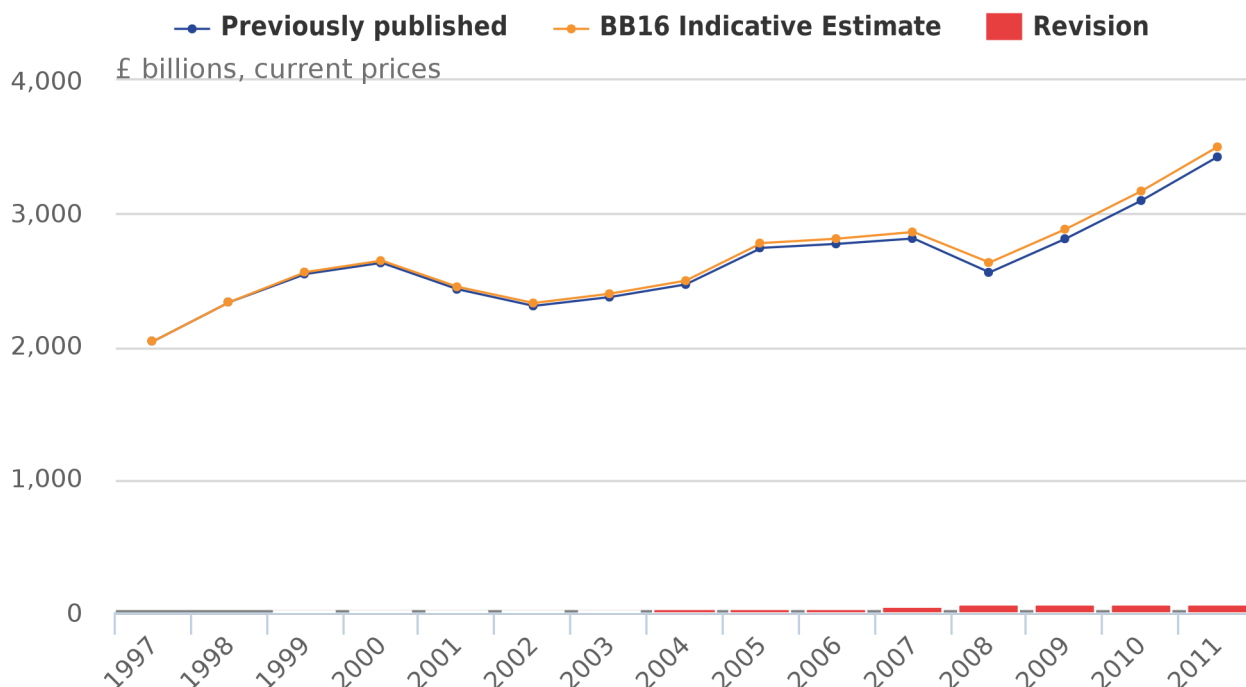
UK, 1997 to 2011



Source: Office for National Statistics

Figure 18: Households and NPISH net worth

UK, 1997 to 2011

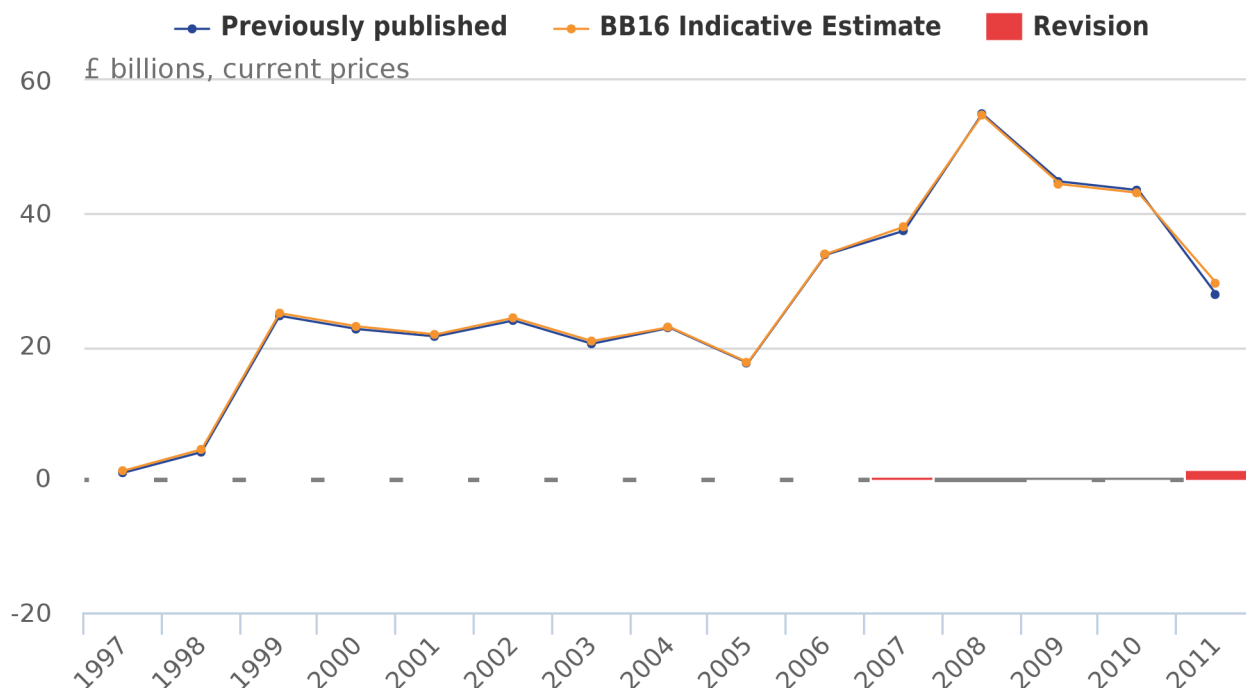


Source: Office for National Statistics

4.7 Rest of the world

Figure 19: Rest of the world net lending/borrowing from the capital account

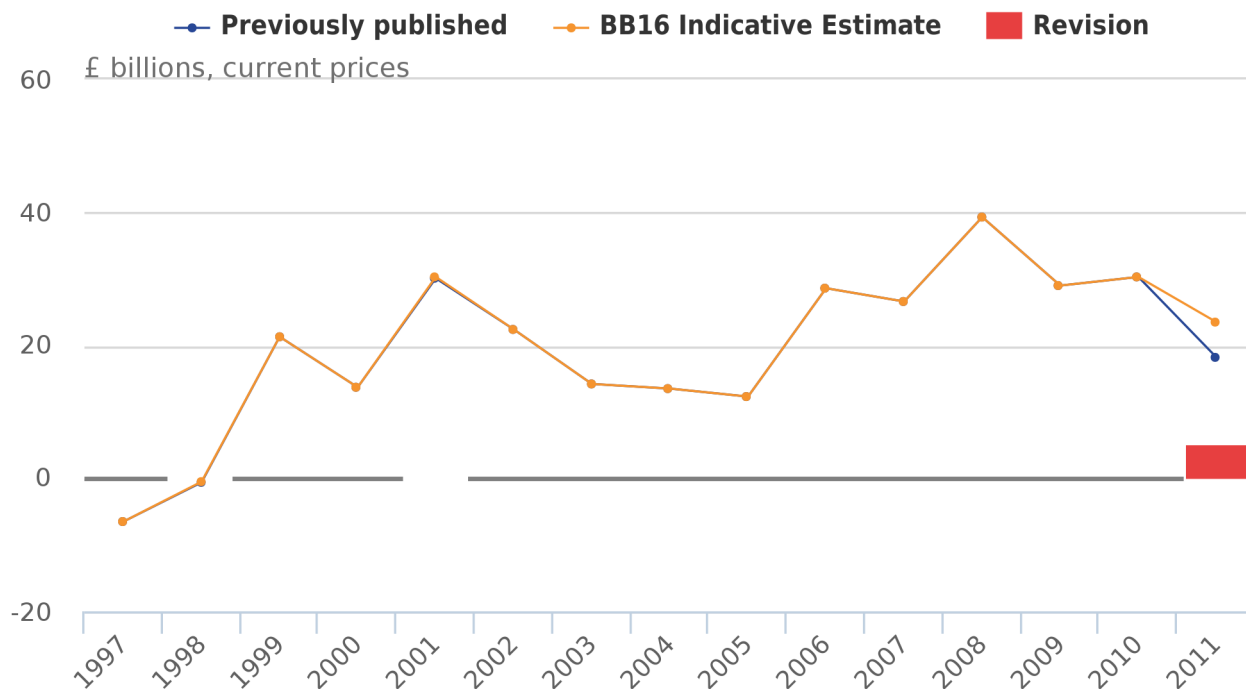
UK, 1997 to 2011



Source: Office for National Statistics

Figure 20: Rest of the world net lending/borrowing from the financial account

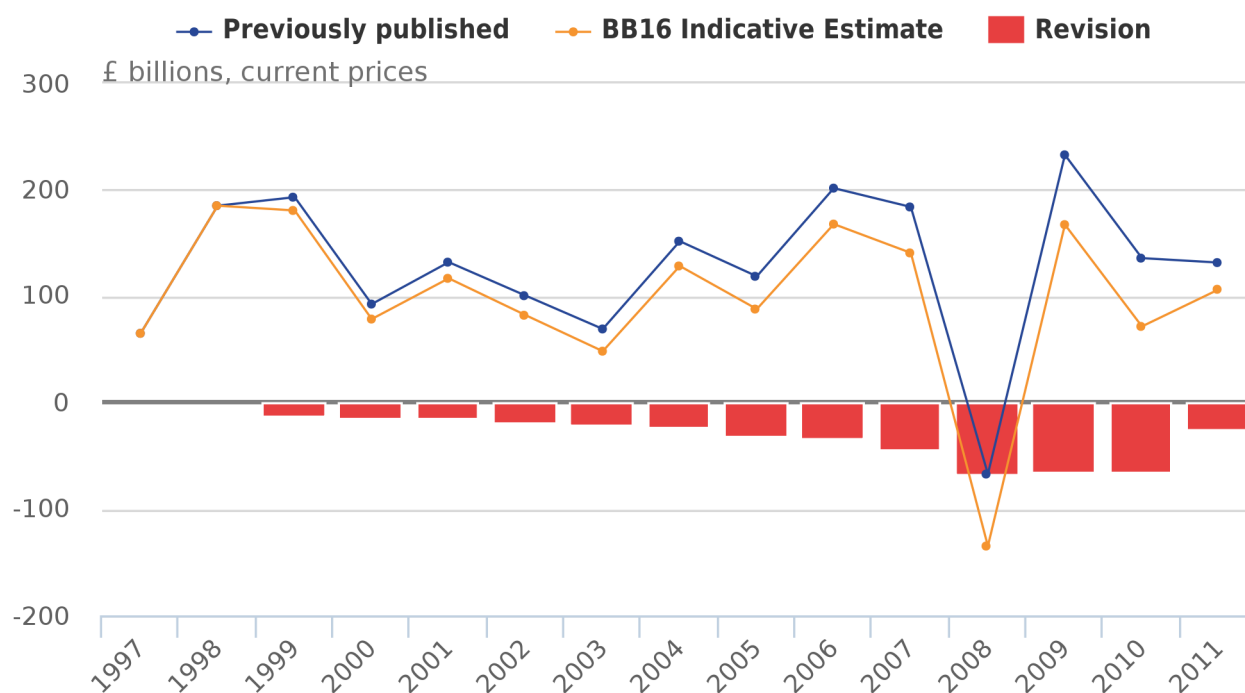
UK, 1997 to 2011



Source: Office for National Statistics

Figure 21: Rest of the world net worth

UK, 1997 to 2011



Source: Office for National Statistics

5. Appendix B

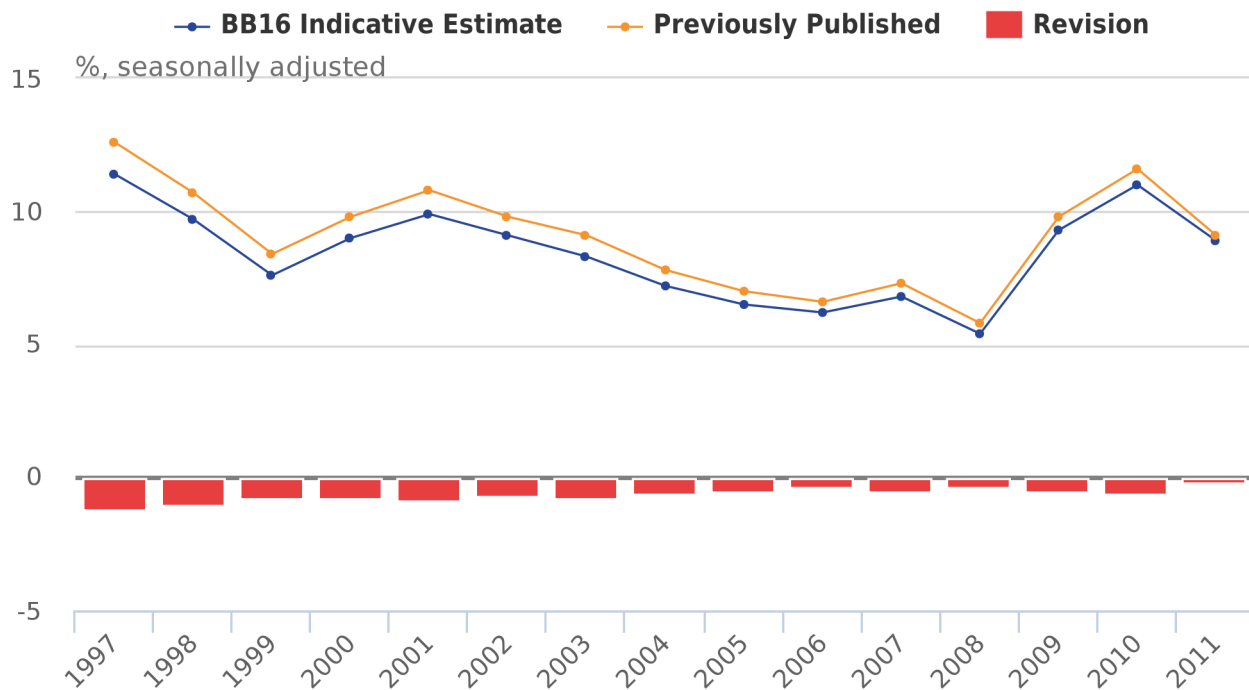
Saving Ratio

Revisions to the saving ratio range from -1.2% in 1997 to -0.2% in 2011. The average revision to the saving ratio was -0.7%.

The revisions to imputed rental are the main source of the revisions to the household and NPISH saving ratio. The revisions to imputed rental are broadly balanced across all three measures of GDP as this imputed value is the amount that non-renters pay themselves (expenditure) for the housing services that they are producing (output) whilst deriving an income from doing so (income). For the saving ratio, this means that income, via Household Gross Operating Surplus, expenditure and household final consumption expenditure are being revised by similar but not equal amounts. The result is that the saving ratio falls in all years from 1997 to 2011.

Figure 22: Households and NPISH indicative saving ratio

UK, 1997 to 2011



Source: Office for National Statistics

6. Background notes

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