

Article

Proposed changes to be implemented in Blue Book and Pink Book 2021

Planned scope and content of the UK National Accounts, the Blue Book and UK Balance of Payments, the Pink Book 2021 editions.

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1 . Overview

This article is part of a series describing proposed changes to the UK National Accounts which are being made in Blue Book 2021 and Pink Book 2021, to ensure that the national accounts continue to provide the best possible framework for analysing the UK economy and for international comparison.

Every year the Office for National Statistics (ONS) updates the sources and methods for the UK National Accounts and publishes the latest estimates (including revisions to past periods) in the annual "UK National Accounts, the Blue Book" publication. A regular part of these updates is annual supply and use balancing, which brings together detailed data on the three approaches (production, income and expenditure) to measuring gross domestic product (GDP), balancing them by product, as well as the updating of the volume series.

In the UK, the national accounts and balance of payments are fully integrated and coherent and therefore a parallel process is followed for balance of payments. The annual balance of payments publication, known as "the Pink Book", is published at the same time as the Blue Book and includes detailed balance of payments statistics such as geographical breakdowns of the current account and international investment position.

[The Quarterly national accounts](#), [Quarterly sector accounts](#) and [Balance of payments quarterly release](#) will be published on 30 September 2021 and will be consistent with the Blue Book and Pink Book 2021, to be published on 29 October 2021.

We will publish further details on the proposed developments and their impacts in a series of articles in the lead-up to publication. A provisional schedule for publication is presented in the [Future developments](#) section.

2 . International comparability

The UK National Accounts are aligned to international standards, specifically the System of National Accounts and Balance of Payments Manuals, to ensure international comparability. In September 2014, the Office for National Statistics (ONS) published the first set of UK National Accounts incorporating methods improvements to bring them in line with [the European System of Accounts 2010 \(ESA 2010\)](#), which replaced the European System of Accounts 1995 (ESA 95). The balance of payments was published in line with the [Balance of Payments and International Investment Position Manual sixth edition \(BPM6\)](#).

3 . End of EU exit transition period

As the transition period has ended and the UK has entered into a new Trade and Cooperation Agreement with the EU, the UK statistical system will continue to produce and publish our wide range of economic and social statistics and analysis. We are committed to continued alignment with the highest international statistical standards, enabling comparability both over time and internationally, and ensuring the general public, statistical users and decision makers have the data they need to be informed.

Additionally, the Withdrawal Agreement outlines a need for UK gross national income (a fundamental component of the national accounts, which includes GDP) statistics to remain in line with those of other EU countries until EU budget contributions are finalised for the years in which we were a Member State, and making budget contributions during the transition period. To ensure this comparability during this period, the national accounts will continue to be produced according to European System of Accounts 2010 (ESA 2010) definitions and standards until at least 2024.

As the shape of the UK's future statistical relationship with the EU becomes clearer over the coming period, the Office for National Statistics (ONS) is making preparations to assume responsibilities that as part of our membership of the EU, and during the transition period, were delegated to the statistical office of the EU, Eurostat. This includes responsibilities relating to international comparability of economic statistics, deciding what international statistical guidance to apply in the UK context and to provide further scrutiny of our statistics and sector classification decisions.

In applying international statistical standards and best practice to UK economic statistics, we will draw on the technical advice of experts in the UK and internationally, and our work will be underpinned by the UK's well-established and robust framework for independent official statistics, set out in the Statistics and Registration Service Act 2007. Further information on our proposals will be made available early this year.

4 . Future developments

As part of our continued programme of transformation of the UK National Accounts, the scope of Blue Book 2021 is focused around two main programmes of work:

- the implementation of our work on double deflation that continues our programme of work on enhancing the framework used to produce gross domestic product
- the implementation of a series of changes to improve quality and international comparability as highlighted by Eurostat as part of their verification of the UK National Accounts

This section outlines some of the main methodological improvements to be implemented as part of this programme of work in the Blue Book and Pink Book 2021.

Double deflation

As part of our continued enhancement of the framework used to produce [gross domestic product](#) (GDP), both in current prices and in volume terms, we will build on the work in Blue Book 2019 to implement changes to deliver double deflated estimates of industry gross value added (GVA). Further information about these changes can be found in [experimental double-deflated estimates](#), which were published alongside Blue Book 2020. In addition to this, for Blue Book 2021 we plan to implement changes to telecommunication services and clothing deflators.

Financial services

In Blue Book 2021, we will continue to improve our estimates of the financial services sector. This continues the work first introduced in the UK National Accounts in 2017 following the redevelopment of the Securities Dealers' Survey. It also follows on from the financial intermediation services indirectly measured (FISIM) changes relating to the other financial institutions (OFIs) sector, which were included in Blue Book 2020.

In 2015, we enhanced our financial services surveys to reflect the requirements of the developments in the international framework set out in the European System of Accounts (ESA 2010). We merged the existing financial services and securities dealers' surveys into the new Financial Services Survey (FSS). This resulted in new questionnaires, expanded survey coverage and improvements to sampling and estimation.

The enhanced survey collects the data required to construct a full sequence of national accounts for the other financial institutions sector (financial corporations, which are not banks, insurance companies or pensions funds). This includes the inputs required for deriving an estimate of market output and intermediate use as well as the main income components of gross value added (GVA). In Blue Book 2021, we will be incorporating FSS data on other financial institutions' fees and commissions into the UK National Accounts enriching the estimates currently published within the production approach.

Pension schemes

As [previously reported](#), we replaced the MQ5 Pension Funds Survey (PFS) with the Financial Survey of Pension Schemes (FSPS) from Quarter 2 (Apr to June) 2019. The FSPS is a quarterly survey that collects data on income and expenditure, transactions, assets and liabilities of UK-funded occupational pension schemes. We have already included income and expenditure data from this survey in Blue Book 2020, and in Blue Book 2021 we aim to bring in the following new assets and liabilities data:

- defined contribution pension entitlements, which are liabilities of the Pension Funds sub-sector, including the historical series. The changes to pension entitlements will affect the estimates for household social contribution supplements, the adjustment for the change in pension entitlements, and savings
- long-term debt securities, which are assets of the Pension Funds sub-sector. We intend to update the 2018 and 2019 estimates with the new survey data

Household final consumption expenditure

Household final consumption expenditure (HHFCE) includes spending on goods and services except for buying or extending a house, investment in valuables (paintings, antiques and so on) or purchasing second-hand goods.

Two of the principal data sources used for HHFCE are the Living Costs and Food Survey (LCF) and the Annual Business Survey (ABS). These two surveys had structural changes, which caused the data levels to change, and multiplicative factors were initially introduced to keep the levels in line with the previous survey data. However, work is now underway to remove these for Blue Book 2021. Complementary work is being undertaken to assess the impact of this change and whether link factors could be compensating for under-reporting in these surveys, the results of which will also be considered for Blue Book 2021.

Acquisitions less disposals of valuables

The transaction in products, acquisitions less disposals of valuables is a component of gross capital formation in the national accounts. This transaction consists of non-financial assets that are held primarily as stores of value, and are not to be used either continuously or repeatedly in production, like fixed assets, or as inputs to production at a point in time, such as inventories.

For Blue Book 2021 we propose to introduce a new method to estimate the acquisitions less disposal of valuables, as required as part of our commitments to maintaining international comparability. We have reviewed and improved the methods by which we produce these estimates and introduced new data sources to implement this change. This includes a full review of the valuables concept and so covers current price estimation, sectorisation and creation of volume measures. These improvements will update historic fixed proportions and base years for extrapolation.

Other improvements

There will be a continuation of the [transformation of trade Statistics](#), which will allow us to enhance international comparability with the inclusion of new data sources and methods associated with cross-border travel and transport; particularly sea transport and freight.

We will also be updating the sources and methods for the estimation of output and intermediate consumption for health providers involved in NHS and non-NHS work.

Communication

To keep you informed on all changes to the national accounts, we will adopt a similar approach to that taken in previous Blue Books and Pink Books, publishing a series of articles in the lead up to publication that highlight the impacts of the main improvements detailed in this article. Methodological articles to support the data changes will be published alongside the articles where applicable.

Here is a provisional schedule for the articles leading up to the publication of Blue Book and Pink Book 2021 on 29 October 2021. We will aim to announce final dates at least one month before each publication.

- Latest developments and changes to be implemented in Blue Book and Pink Book 2021: to be published February 2021.
- Double deflation methods and deflator improvements to UK National Accounts: to be published March 2021.
- Impact on GDP current price and chained volume measure annual estimates, 1997 to 2017: to be published June 2021.
- Double deflation analytical article (title to be confirmed): to be published June 2021
- Impact on GDP current price and chained volume measure quarterly estimates, 1997 to 2017: to be published July 2021.
- Detailed assessment of changes to sector and financial accounts, 1997 to 2019: to be published September 2021.
- Detailed assessment of changes being introduced to balance of payments annual estimates, 1997 to 2019: to be published September 2021.
- Quarterly National Accounts, Quarterly Sector Accounts and Balance of Payments (Blue Book and Pink Book 2021 consistent): to be published 30 September 2021.
- Blue Book 2021 and Pink Book 2021: to be published 29 October 2021.

5 . Related links

[UK National Accounts, the Blue Book: 2020](#)

Compendium | Released 30 October 2020

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

[UK Balance of Payments, the Pink Book: 2020](#)

Bulletin | Released 30 October 2020

Balances between inward and outward transactions, providing a net flow of transactions between UK residents and the rest of the world and reports on how that flow is funded.