

# Improvements to the Local Government measure of intermediate consumption in UK National Accounts, Blue Book 2026

Summary of improvements being made to measuring local government intermediate consumption in the annual National Accounts: Blue Book 2026.

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# 1 . Overview

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 our [Previous releases for UK National Accounts, The Blue Book - Office for National Statistics](#).

Our recent [Proposed changes to be implemented in Blue Book and Pink Book: 2026 article](#) described the proposed changes to the UK National Accounts and balance of payments being implemented to our Blue Book and Pink Book 2026 releases.

This article provides an overview of the improvements being made to local government intermediate consumption.

Integration Joint Boards (IJBs) were established in Scotland following the introduction of the Public Bodies (Joint Working) (Scotland) Act 2014. These bodies are intended to ensure collaboration between Health Boards and Local Authorities in Scotland.

Our main source for Scottish Local Government intermediate consumption is the Scottish Government's Local Government Finance Statistics publication. Between the financial year ending (FYE) 2019 and FYE 2020, there was a change in how IJBs were recorded in this publication.

This change has resulted in our estimates of Scottish Local Government intermediate consumption being artificially increased from FYE 2020 onwards. Therefore, we will implement a methodological improvement to remove the effects of this change on our estimates and ensure that their recording is similar to that for the equivalent bodies in England and Wales. There is no impact on this series for periods before FYE 2020.

This methodological change will bring the UK National Accounts in line with our public sector finance publications, which implemented this improvement, as explained in our [Economic statistics classifications and developments in public sector finances: August 2025 article](#).

This article explores the methodological considerations behind the improvements made to local government intermediate consumption within National Accounts. It does not consider detailed data impacts. This will be part of a later article published in August 2026, which covers all changes implemented in the 2026 Blue Book.

## 2 . Improvements made to local government intermediate consumption

### Intermediate consumption

Intermediate consumption consists of goods and services consumed as inputs during a production process. It excludes fixed assets (the consumption of fixed assets is recorded as consumption of fixed capital). Intermediate consumption is a component of final consumption expenditure.

## Source data used in the calculation of local government intermediate consumption

We use published local government revenue and expenditure data sourced from England and the devolved administrations to calculate our estimates of intermediate consumption. Data are available on a financial-year basis.

For England, we use published Ministry of Housing Communities and Local Government revenue expenditure and financing data. For Wales, we use published Welsh Government revenue expenditure. For Northern Ireland, we use Department for Communities local authority expenditure data. While for Scotland, we use Scottish Government Local Government Finance Statistics.

Within the Scottish Government Local Government Finance Statistics, we extract "gross service expenditure" data to derive estimates of intermediate consumption.

These data are then aggregated alongside England and the other devolved administrations to produce UK estimates of compensation of employees, non-market output, and intermediate consumption, respectively.

The England and devolved administrations source data are used to calculate local government net current expenditure. This is calculated by including the cost of running local authority services within the financial year, offset by income from sales, fees, and charges and other (non-grant) income.

England and Wales exclude certain income measures from their calculation of net current expenditure which Scotland does not. Therefore, to ensure consistency in how we use the data across administrations, we remove several income measures from the Scottish data. This approach is based on established methodology.

## Scottish Integration Joint Boards

The Public Bodies (Joint Working) (Scotland) Act 2014 established the Scottish Integration Joint Boards. Its purpose was to bring together the 32 Scottish councils and 14 territorial NHS boards into partnership to integrate how social care and community healthcare services are provided.

## Scottish data in FYE 2019

Before FYE 2020, Scottish Integration Joint Boards (IJBs) were recorded as a single "net" figure within the Scottish Local Government Finance Statistics. This was the difference between any transfer payment made and any income received from the IJBs. This was worth around £52 million for FYE 2019.

## Scottish data from FYE 2020 onwards

There were changes to how IJBs were recorded within the Scottish Local Government Finance Statistics for FYE 2020. This included separately recording both:

- the transfer payments to the IJBs
- the income received from the IJBs

The net figure could be derived from these two figures. The transfer payments feed into the Scottish component data used in the estimation of intermediate consumption. The income received from the IJBs is included in one of the income lines we exclude to ensure consistency with England and Wales. This means that the income figure was not deducted, or "netted off". This led to an over-estimation from FYE 2020 onwards, typically between around £2 billion and £4 billion.

## Changes made

As explained earlier in this article, we remove a number of income components that Scotland include within their data to ensure consistency with England and Wales. Because of this approach and the inclusion of the transfer payments, this means that Scotland differed from England and Wales in calculating net current expenditure.

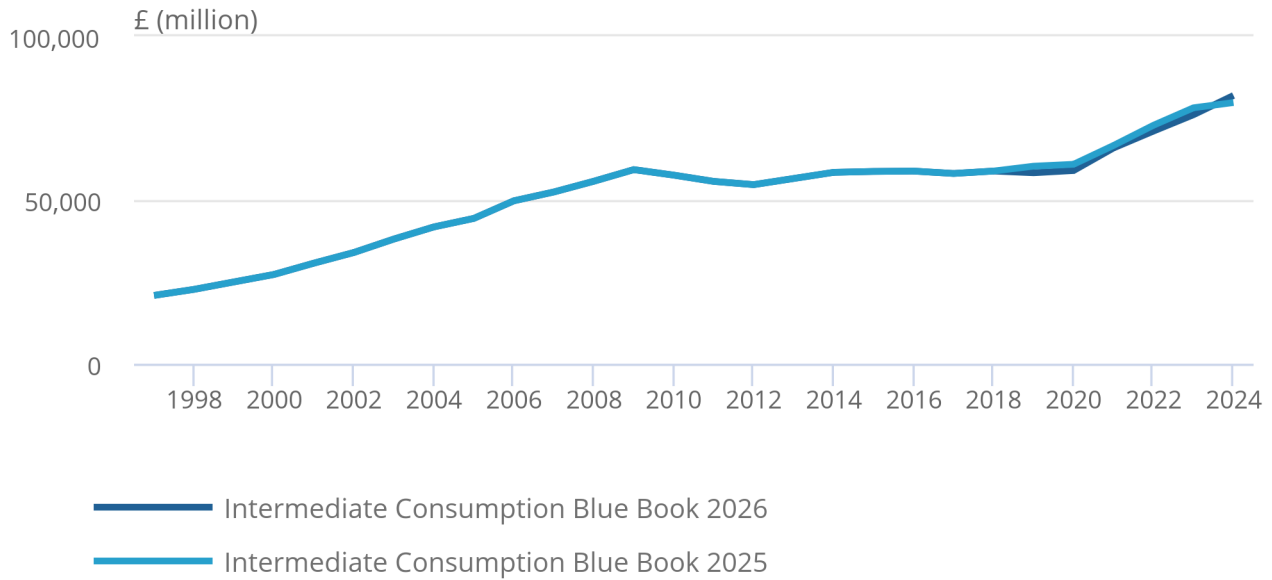
Therefore, we have removed these transfer payments. This improves consistency between the administrations by aligning Scotland more closely with England and Wales in the calculation of net current expenditure. This change has resulted in the reduction of local government intermediate consumption from FYE 2020 onwards.



## Impact of changes on National Accounts

Figure 1: Change to intermediate consumption between Blue Book 2025 and Blue Book 2026

Figure 1: Change to intermediate consumption between Blue Book 2025 and Blue Book 2026

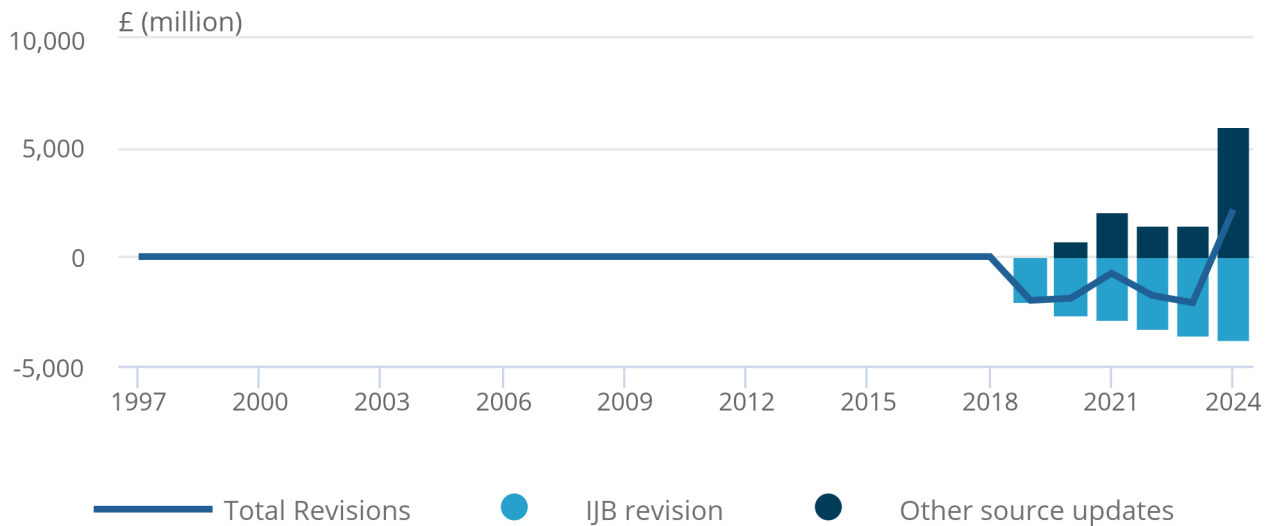


Source: Blue Book 2025 and Blue Book 2026

Figure 2 highlights the driver of revisions to intermediate consumption between Blue Book 2025 and Blue Book 2026.

**Figure 2: Drivers of revisions to intermediate consumption between Blue Book 2025 and Blue Book 2026**

Figure 2: Drivers of revisions to intermediate consumption between Blue Book 2025 and Blue Book 2026



Source: Blue Book 2025 and Blue Book 2026

### 3 . Glossary

### 4 . Related links

[Economic statistics classifications and developments in public sector finances: August 2025](#)

Article | Released 19 September 2025

Outlines the latest economic statistics classification updates, and information on future developments in public sector finance statistics including announcing the improvements made to Integration Joint Boards for Scotland.

[Proposed changes to be implemented in Blue Book and Pink Book: 2026](#)

Planned scope and content of the UK National Accounts, the Blue Book, and UK Balance of Payments, the Pink Book, 2026 editions

Article | Released 24 March 2026

## 5 . Cite this methodology article

Office for National Statistics (ONS), released 22 June 2026, ONS website, supporting methodology article, [Improvements to the local government measure of intermediate consumption in the National Accounts: Blue Book 2026](#)