

Public Sector Finances classification: Uses and Users of Government Finance Statistics

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1 Background

The Office for National Statistics publishes two statistical bulletins whose focus is the UK public sector finances.

The monthly Public Sector Finances (PSF) bulletin aims to inform its users of the state of the public sector finances and fiscal position and is published jointly by the Office for National Statistics (ONS) and HM Treasury.

The quarterly EU Government Deficit and Debt Return statistical bulletin and its associated data sets, provide data transmitted to the European Commission to enable it to monitor the United Kingdom's (UK) performance against the Excessive Deficit Procedure (EDP) as defined in Maastricht Treaty and the Stability and Growth Pact.

Both publications are based on the National Accounts framework and are compiled in accordance with the standards set out in the European System of Accounts 2010 (ESA2010) under European law.

2 Aim of article

This article aims to provide information on the types of uses and users of the statistics published in the Public Sector Finances statistical bulletin and the EU Government Deficit and Debt Return statistical bulletin.

3 The monthly public sector finances bulletin

The public sector finances statistical bulletin provides important information on the UK government financial position. It enables government, the media, the public, economists and financial analysts to monitor public sector expenditure, revenue, investments, borrowing and debt. By comparing these data with forecasts from [The Office for Budget Responsibility \(OBR\)](#) the current UK fiscal position can be evaluated.

ONS have published a range of articles to help users gain an understanding of the public sector finances: These articles are available on a [dedicated webpage](#) on the ONS website. They include [a methodological guide](#) for monthly Public Sector Finances as well as information about [how classification decisions are made](#), [the different roles of ONS and HM Treasury](#) in the publication and the [data sources and quality assurance procedures](#). Further information on how quality of the outputs is assured is available separately [on the ONS website](#).

Arguably, the main users of the PSF statistics are, within the public sector; HM Treasury, the Office for Budget Responsibility (OBR) and the Bank of England (BoE). The PSF statistics form a vital input to the policy and forecasting work of HM Treasury the OBR and the BoE.

A number of the key figures in the Public Sector Finances bulletin are used by the Government to monitor progress against fiscal targets. The most important of these aggregates are;

- public sector net borrowing
- public sector current budget deficit
- public sector net debt
- public sector net debt as a percentage of GDP
- central government net cash requirement

Although these are the key figures monitored against fiscal forecasts by OBR, HM Treasury and other interested parties, a wider range of statistics available from the Public Sector Finances are used for monitoring purposes. This is evidenced in the OBR's "Economic and Fiscal Outlook" (and its supplementary tables) which compares the detailed forecasts with the latest data available in the Public Sector Finances.

4 The Government Deficit and Debt under the Maastricht Treaty Statistics

The EU Government Deficit and Debt Return statistical bulletin is published quarterly in January, April, July and October each year, to coincide with when the UK and other European Union (EU) Member States are required to report on their deficit (or net borrowing) and debt to the European Commission.

Article 126 of the Treaty on the Functioning of the European Union (EU) obliges member states to avoid excessive budgetary deficits. The Protocol on the Excessive Deficit Procedure, annexed to the Maastricht Treaty, defines two criteria and reference values with which Member States' governments should comply. These are:

- A general government deficit (net borrowing) to Gross Domestic Product (GDP) ratio of 3%
- a general government gross debt to GDP ratio of 60%

The source data, and methodology used in compiling the Maastricht debt and deficit figures published in this bulletin (for the time period 1997 onwards), are the same as those published in the corresponding month's statistical bulletin.

Although the Public Sector Finances bulletin includes general government Maastricht debt and deficit figures the monthly bulletin focuses on the UK fiscal borrowing and debt measures which are measures for the public sector as a whole. The quarterly bulletin provides the opportunity to provide detail for the general government measures used across the European Union.

5 Other uses and users of Government Finance Statistics

Research indicates that there are a broad range of other users of PSF and EDP statistics. These include:

- the general public, who use the (headline) statistics in assessing UK fiscal performance and in assessing the impacts for their own well-being and investment decisions
- research/analytical organisations such as the Institute for Fiscal Studies (IFS), the National Institute for Economic and Social Research (NIESR), the Office of the Chief Economic Adviser to the Scottish Government and the Economic and Statistics department of the House of Commons Library, who use the data as input into their economic assessments of economic performance and sustainability
- commercial analysis and research bodies, e.g. CEIC Data Co. Ltd, FactSet and Timetric, who make use of the data in providing analytical services to clients
- research/analytical bodies of other countries (e.g. the Spanish Embassy's Economic and Commercial Office and the Japan Post Bank's research department), who will be interested in the data in the context of comparative international performance and competitiveness
- academic bodies (e.g. Cardiff Business School and Aberdeen Business School), who make use of the data in many ways, particularly for economic analysis and as the data foundation of articles for academic journals
- advisors to large national and international businesses and institutions and securities dealers/advisors (e.g. McKinsey and Company Inc and Investec Securities), who make use of the data in preparing analyses, risk assessments and investment advice for clients
- financial institutions (e.g. Morgan Stanley and JP Morgan), who use the statistics in assessing risk, investment strategy etc and in providing advice to clients
- news media organisations, such as Thomson Reuters, Bloomberg and the national newspapers, who use the statistics and associated commentary in delivering the 'headlines' and in 'telling the story'
- rating agencies (e.g. Moody's, Fitch), who make use of the data in providing risk analysis and investment advice to clients

Although much of the user focus in both sets of statistics is on the latest periods, a particular strength of the statistics is that they provide users with extensive

longitudinal data series for analysis (available both within the bulletin and as downloadable time series). Users are able to employ these series to identify and explore trends in the public finances. This type of use is particularly common within academic institutions and private research organisations.

6 User engagement

Key users of the Public Sector Finances and EU Government Deficit and Debt Return statistical bulletins (for example OBR, the Bank of England, and international bodies, such as Eurostat and International Monetary Fund IMF) are in regular dialogue with the ONS and HM Treasury via a range of different UK and international working groups.

In 2013, ONS led a broad review of the Public Sector Finance statistics. As part of this review, ONS met with a range of public sector finance statistic users and the steering group of the review consisted of user representatives from both the public and private sectors. The recommendations of the review were subject to public consultation and most recommendations were implemented in 2014.

More generally, the wider community are consulted as to their views of the statistical bulletins and how well these meet their needs through web based consultations and workshop events which are open to the public. The results of these consultations are published on the ONS website. Users are also invited to contact the statistical producers via email, phone and social media and the UK Public Sector Finances.

7 Contact details

As part of our continuous engagement strategy, we welcome feedback on this article. Please email: psa@ons.gsi.gov.uk

In addition queries may be directed to the Media Relations Office email: media.relations@ons.gsi.gov.uk