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Theme
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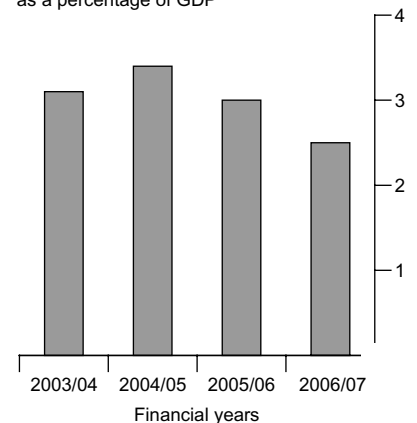
Government deficit and debt under the Maastricht Treaty

In the financial year 2006/7 general government net borrowing, as measured on the Maastricht Treaty and Stability and Growth Pact 'Excessive Deficit Procedure' bases, is provisionally estimated as £34.0 billion. This compares with net borrowing of £38.0 billion in 2005/6. General government net borrowing is referred to as "government deficit" in the Maastricht Treaty

General government net borrowing in 2006/7 was equivalent to 2.5 per cent of gross domestic product, compared with 3.0 per cent in 2005/6. The reference value for 'excessive deficit' is three per cent.

At end March 2007 general government gross consolidated debt at nominal value was £574.4 billion, equivalent to 42.6 per cent of gross domestic product, compared with £531.4 billion (41.7 per cent) at the end of March 2006. The reference point value for 'excessive debt' is 60 per cent.

General government net borrowing as a percentage of GDP



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	2003/04	2004/05	2005/06	2006/07
General government deficit				
net borrowing (£ bn)	36.2	41.1	38.0	34.0
as a percentage of GDP	3.1	3.4	3.0	2.5
General government debt				
debt at nominal value (£ bn)	446.2	483.6	531.4	574.4
as a percentage of GDP	38.6	39.7	41.7	42.6

Background

Article 104 of the 1992 Maastricht Treaty on European Union obliges member states to avoid excessive budgetary deficits. This article also sets out a procedure, the Excessive Deficit Procedure, to identify and counter such excessive deficits, including the possibility of financial sanctions.

The Protocol on the Excessive Deficit Procedure, annexed to the Maastricht Treaty, defines two criteria and reference values for compliance. These are a deficit to Gross Domestic Product (GDP) ratio of three per cent, and a debt to GDP ratio of 60 per cent.

In 1997 the Stability and Growth Pact was adopted by the European Union. This clarified and strengthened the Maastricht Treaty provisions on fiscal discipline in European Economic and Monetary Union. The full provisions took effect when the euro currency was launched on 1 January 1999.

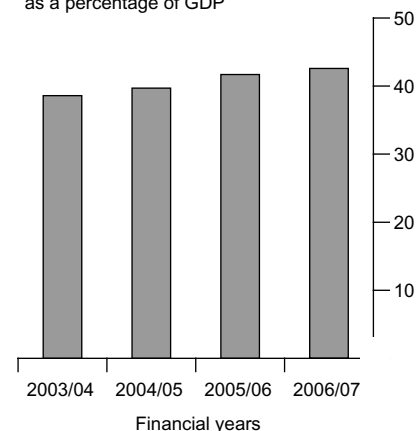
EU Member Governments have to report their actual and planned government deficits, and the levels of their debt, promptly to the European Commission, to specific deadlines twice each year. The estimates in this first release have been supplied to the European Commission by ONS in accordance with the schedules in the Excessive Deficit Procedure. Forecasts for future years are provided separately by HM Treasury.

The first deadline (1 April) is designed so that the European Commission can gain an early sight of member states compliance for the previous calendar year. However, for the United Kingdom, uniquely within the European Union, the Stability and Growth Pact sets the reference period to be the financial year (1 April to 31 March), recognising the different budgetary year arrangements in the United Kingdom. The second deadline (1 October) thus provides the first estimate for the latest financial year.

The Protocol on the Excessive Deficit Procedure gives the definition of Government deficit and debt according to the European System of Accounts. This is also the manual that the ONS uses to define the United Kingdom's National Accounts.

'Government' is defined as the general government sector, which covers central, state and local government and social security funds. 'Government deficit' is defined as general government net borrowing.

General government gross debt
at nominal value
as a percentage of GDP



Swaps

Since the Protocol was established, a European Regulation has been passed that requires payments on swaps to be treated as interest payments, and hence part of general government net borrowing as reported for the Excessive Deficit Procedure. The Regulation does not amend general government net borrowing for National Accounts purposes, which is also used in the Public Sector Finances First Release. For these purposes swaps are treated as financial items. The UK Government does not use swaps to the same extent as some European Union member states. The reconciliation between these two versions of net borrowing is shown in table M7.

Spectrum receipts

The ONS has also presented in table M7 an alternative version of the deficit, which is consistent with a Eurostat decision on the treatment of receipts for use of the spectrum; the derivation is explained in the notes to table M7. Eurostat's decision differs from the ONS interpretation of the 1995 European System of Accounts, which is consistent with that proposed by the Inter-Secretariat Working Group on National Accounts (ISWGNA) and agreed by the United Nations Statistical Commission (UNSC). This is used in the UK National Accounts and Public Sector Finances. The alternative version for the 2006/7 is £35.1 billion, equivalent to 2.6 per cent of GDP. In 2000/1, the year of the cash receipts, the surplus would be boosted from 1.6 per cent to 3.8 per cent if the alternative version was used. Deficit data in 1999 and earlier years are the same under both definitions. The debt data are unaffected throughout.

Government Deficit

Net borrowing exceeded the reference value from 1991/2 to 1996/7. Net borrowing reached a record high of £52.3 billion (7.9 per cent of GDP) in 1993/4, then fell steadily, moving into net lending (or surplus) in 1998/9. In 2001/2 it started to rise again, returning to net borrowing (or deficit) before falling again from 2005/6.

Government Debt

General government gross consolidated debt at nominal value, has for the last decade always been substantially below 60 per cent of GDP; the highest percentage was 50.7 per cent at end March 1996. As a percentage of GDP, it fell in every year since until end March 2004, from when it has risen every year. At end-March 2007 gross debt was £574.4 billion, compared with £531.4 billion at end of March 2006, the percentage rose from 41.7 per cent to 42.6 per cent. The tables present the debt position at the end of both the calendar and financial years.

The level of government debt traditionally falls during the first quarter of each calendar year. The main reason for this is the timing of tax receipts. In January there are substantial tax receipts, under self assessment and also corporation tax, which reduces the level of debt.

Financial Intermediation Services Indirectly Measured (FISIM)

In line with the European Commission's requirements under the Excessive Deficit Procedure, the current price GDP estimate used in this release includes an estimate of FISIM.

Some of the services provided by banks and other financial intermediaries are charged for explicitly, such as commission on foreign exchange, account charges and flat-rate fees for overdrafts. These direct charges cover only part of the costs of providing banking services; the rest are covered by net interest revenues and are known as FISIM.

This is a National Accounts convention in order to indirectly measure the service charge; the actual interest payables and receivables by customers are included as property income, which does not contribute to GDP.

Once the amount of FISIM has been estimated, it must be allocated to the sectors of the economy that are purchasing it. These are identified as either intermediate consumption, final consumption expenditure or exports, depending on the sector making the purchase. For the general government sector offsetting amounts are moved from accrued net interest payments to final consumption expenditure, leaving net borrowing unchanged. The allocation of FISIM to final consumers will add to the level of GDP when it is introduced into the UK National Accounts.

The ONS plans to allocate FISIM in the UK National Accounts in September 2008. An estimate of the contribution to current price GDP of allocating FISIM has been included in this release (see table M7) and published by ONS as an experimental statistic, so that the European Commission can compare government debt and deficit ratios across the European Union on a consistent basis. The 'FISIM-adjusted' GDP series is not the official UK GDP estimate - this continues to be the one published as part of the quarterly National Accounts. The revision to FISIM adjustment series was due to new data and improved coverage to include other financial corporations generating FISIM output.

FISIM has been allocated to the General Government sector for the purposes of underlying tables provided to the European Commission. The allocation has no effect on the government deficit or debt series.

Further information on FISIM is available at
<http://www.statistics.gov.uk/article.asp?ID=1461>

Revisions since last data release

Table M8R presents revisions to key aggregates in this release since data were last supplied to Eurostat in July 2007, in a Supplementary Notification. More information on this is available at <http://www.statistics.gov.uk/pdfdir/masnr0707.pdf>

The deficit and debt data in this release are consistent with the Public Sector Finances First Release published on 24 September 2007. The Public Sector Finances First Release adopts a revisions policy whereby revisions to past periods are included in advance of National Accounts. The GDP (excluding FISIM data) are consistent with the National Accounts first release published on 27 September 2007.

Revisions to the deficit data are generally 0.1 per cent of GDP or less for most years. In 2006/7, where the data are more provisional the revision was minus 0.2 per cent. There have been minor revisions to debt data since the July notification.

Details of the revisions policy for this and the other public sector statistics releases is available at http://www.statistics.gov.uk/about/Methodology_by_theme/Public_sector_accounts/default.asp

Notes to Tables

Table M1

Table M1 shows, for both financial and calendar years, general government net borrowing (also referred to as "government deficit") and the nominal value of general government gross consolidated debt, in £ million and as percentages of FISIM-adjusted Gross Domestic Product (GDP) at current market prices, which is also shown in £ million.

Tables M2 and M3

These tables show, for both financial and calendar years, general government gross consolidated debt at nominal value, and the corresponding general government transactions in Maastricht debt instruments. The categories are: loans from central bank; other loans; currency and deposits; bills and short-term bonds; and medium and long-term bonds. The main component of total gross debt is medium and long-term bonds, which at end 2007 accounted for 73.7 per cent of total gross debt. This category mainly consists of British Government Securities (gilts).

Table M4

Table M4 explains how general government net borrowing reconciles with the increase in general government gross consolidated debt at nominal prices. Conceptually, the following equation holds:

net borrowing (Maastricht deficit definition)

- + net acquisition of financial assets
- swaps
- + consolidating transactions in government debt instruments (i.e. transactions between central and local government),
- other accounts payable (which mainly consists of trade credit and accruals adjustments, which are excluded from government debt)
- + adjustment for holding gains/losses,
- + adjustment from market to nominal value
- + other adjustments
- = the increase in general government gross consolidated debt at nominal value.

The other adjustments category includes Other Changes in Volume (K.10 in ESA95) for financial liabilities excluding other accounts payable, the Statistical Discrepancy Item from the Sector Account, and a further discrepancy item required to reconcile general government net borrowing with the increase in general government gross consolidated debt at nominal prices.

The final three columns show each version of net borrowing as a percentage of versions of GDP.

Tables M5 and M6

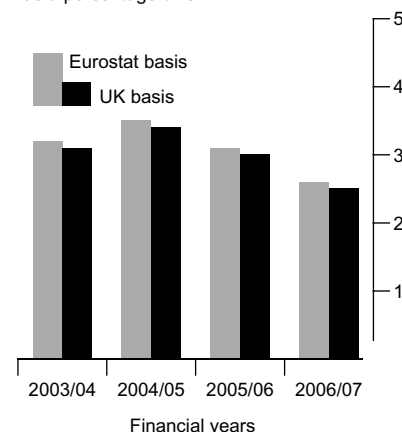
These tables reconcile general government gross consolidated debt and the corresponding transactions in government debt instruments with the Public Sector Finances version of National Accounts; the tables show how the ONS calculates gross debt and the corresponding transactions. General government total liabilities from the financial balance sheet (NPVQ) and the corresponding financial transactions (NFSK) are recorded on an unconsolidated basis (i.e., including transactions between central and local government) and at market prices in accordance with ESA95. Estimates for other accounts payable (which consists of trade credit and accruals adjustments) are deducted from total financial liabilities to get unconsolidated government debt at market prices. The consolidating debt (which mainly consists of local government borrowing from central government) is then deducted to get consolidated government debt at market prices. British government securities (gilts) at market prices are then deducted and gilts at nominal prices added to get general government consolidated debt at nominal prices.

Table M7

Table M7 shows the reconciliation of the three different versions of general government net borrowing. It starts with net borrowing consistent with the Public Sector Finances First Release, as published in September 2007. The net borrowing is based on the latest available data, including information that has yet to be included in National Accounts. It then shows, in the third column, net borrowing incorporating the Regulation treating swaps as interest. These are the headline figures presented in this release. Finally the table shows, in the sixth column, net borrowing formed from an alternative treatment of receipts by government for allowing the use of the spectrum by third generation mobile phone companies. Eurostat request that, for the Excessive Deficit Procedure, these are reported as being for the sale of assets and this is the third version of net borrowing shown. Cash receipts of £22.5 billion were paid to government by mobile phone companies during the second and third quarters of 2000. ONS interpretation of ESA95, is that these receipts should be treated as rents. In the National Accounts and the Public Sector Finances First Release they are treated as pre-payments of rent at the rate of £1 billion per annum over the life of the licences. For more detail please refer to the PSA page under Articles www.statistics.gov.uk/psa/

To derive the numbers consistent with the Eurostat decision, net borrowing (including swaps interest payments) is adjusted by adding the rent estimates in column four and deducting the adjusted cash receipts in column five. Adopting the Eurostat treatment has the effect of more than doubling the government surplus for 2000, (£35.2 billion as opposed to £13.2 billion). The ONS believes this disguises the true picture by scoring over 20 years of receipts in one year. Such a surplus would be consistent with the spectrum being sold, however it is just being leased to the mobile phone companies. The final three columns show each version of net borrowing as a percentage of versions of GDP.

General government net borrowing
(Eurostat against UK basis)
as a percentage of GDP



BACKGROUND NOTES

1. This First Release presents Government deficit and debt under the Excessive Deficit Procedure calculated according to the ONS's interpretation of the 1995 European System of Accounts (ESA95). It also publishes the deficit consistent with a Eurostat decision on the treatment of receipts for use of the spectrum.
2. Under the Treaty establishing the European Union, the UK government is required to endeavour to avoid an excessive government deficit (defined as general government net borrowing). All Member States are required to report their planned and actual deficit and the levels of their debt promptly to the European Commission. The data are reported to Eurostat by 1 April and 1 October each year. The April notification includes the first estimate of the calendar year outturn. The notification in September revises the data supplied in April and includes the first estimate of financial year outturn. Copies of the tables reported to Eurostat are available on the National Statistics website at www.statistics.gov.uk.
3. Apart from the swaps modification, the deficit data in this First Release are consistent with data published in the Public Sector Finances First Release 24 September 2007. It includes revisions incorporated since the Excessive Deficit Procedure data were last published in July and some further revisions which are not yet included in National Accounts. Details of the revisions policy for this and the other public sector first releases is available at http://www.statistics.gov.uk/about/Methodology_by_theme/Public_sector_accounts/default.asp
4. The estimate of GDP used in this release includes the allocation to sectors of Financial Intermediaries Services Indirectly Measured (FISIM). The main effect is an increase to the level of GDP.
5. The financial year is defined as being from 1 April to the following 31 March.
6. Further information concerning the definitions of National Accounts general government net borrowing can be found in Monthly Statistics on Public Sector Finances: a Methodological Guide, no. 12 in the Government Statistical Service methodology series at www.statistics.gov.uk/psa
7. Details of the policy governing the release of new data are available from the Press Office, including a description of the release categories featured on the front page of the releases.
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M1 Government Deficit and Debt Under the Maastricht Treaty

Summary Table

Not seasonally adjusted

£ million

	General government net borrowing	General government gross consolidated debt at nominal value	Gross domestic product (GDP) at current market prices ¹	Net borrowing as a percentage of GDP ¹	Gross consolidated debt as a percentage of GDP ¹
Financial years					
	-MDUK	YEQQ	EP3H		YEQJ
1994/95	46 103	339 607	703 333	6.6	48.3
1995/96	38 516	377 368	744 284	5.2	50.7
1996/97	30 486	400 935	792 474	3.8	50.6
1997/98	8 688	401 435	843 188	1.0	47.6
1998/99	-2 250	400 223	890 444	-0.3	44.9
1999/00	-11 764	395 641	944 524	-1.2	41.9
2000/01	-15 816	384 380	989 222	-1.6	38.9
2001/02	1 423	381 917	1 031 066	0.1	37.0
2002/03	25 778	401 115	1 091 740	2.4	36.7
2003/04	36 229	446 244	1 157 557	3.1	38.6
2004/05	41 079	483 621	1 218 260	3.4	39.7
2005/06	38 042	531 370	1 272 810	3.0	41.7
2006/07	34 036	574 388	1 347 565	2.5	42.6
Calendar years					
1997	18 611	410 156	830 124	2.2	49.4
1998	1 238	407 143	879 250	0.1	46.3
1999	-8 585	405 176	928 729	-0.9	43.6
2000	-13 222	400 554	976 241	-1.4	41.0
2001	-7 638	385 240	1 021 406	-0.7	37.7
2002	19 859	403 228	1 075 264	1.8	37.5
2003	36 904	440 970	1 139 569	3.2	38.7
2004	39 655	487 714	1 206 659	3.3	40.4
2005	40 833	529 216	1 257 112	3.2	42.1
2006	34 527	573 478	1 326 944	2.6	43.2

¹ Uses FISIM-adjusted version of GDP

M2 General Government Gross Debt at Nominal Value

Consolidated

Not seasonally adjusted

£ million

	Loans from central bank	Other loans	Currency and deposits	Bills and short-term bonds	Medium and long-term bonds	General govt. gross consolidated debt at nominal value
Financial years						
	YEQC	YEQD	GTK4	YEQE	YEQF	YEQG
1994/95	15 904	10 296	63 080	11 002	239 325	339 607
1995/96	15 655	10 116	69 213	13 812	268 572	377 368
1996/97	14 323	9 503	75 061	7 374	294 674	400 935
1997/98	12 807	7 946	76 676	4 191	299 815	401 435
1998/99	15 367	8 028	75 510	6 742	294 576	400 223
1999/00	13 370	11 405	73 347	4 093	293 426	395 641
2000/01	13 370	8 961	75 488	3 910	282 651	384 380
2001/02	13 370	10 625	74 094	9 177	274 651	381 917
2002/03	13 370	14 220	76 295	14 737	282 493	401 115
2003/04	13 370	19 113	78 497	20 285	314 979	446 244
2004/05	13 370	18 486	80 186	20 246	351 333	483 621
2005/06	13 370	22 360	87 256	18 822	389 562	531 370
2006/07	13 370	29 267	92 673	15 536	423 542	574 388
Calendar years						
1997	12 375	9 109	77 045	4 445	307 182	410 156
1998	13 390	8 220	76 239	4 542	304 752	407 143
1999	19 451	7 499	75 110	3 897	299 219	405 176
2000	13 370	17 526	78 035	2 358	289 265	400 554
2001	13 370	12 226	75 616	10 819	273 209	385 240
2002	13 370	14 937	77 574	21 719	275 628	403 228
2003	13 370	18 191	79 951	23 836	305 622	440 970
2004	13 370	26 941	82 569	26 461	338 373	487 714
2005	13 370	30 445	88 289	20 981	376 131	529 216
2006	13 370	29 564	93 625	19 249	417 670	573 478

M3 General Government Transactions in Maastricht Debt Instruments Consolidated

Not seasonally adjusted (+ = increase in liabilities, - = decrease in liabilities)

£ million

Financial years	Loans from central bank	Other loans	Currency and deposits	Bills and short-term bonds	Medium and long-term bonds	General gov. transactions in Maastricht debt instruments
	YEQK	YEQL	GTG3	YEQN	YEQO	YEQR
1994/95	9 143	-391	4 455	4 583	22 663	40 453
1995/96	-249	-727	6 161	2 736	28 222	36 143
1996/97	-1 332	-859	5 527	-5 789	26 768	24 315
1997/98	-1 516	-498	1 709	-2 920	6 794	3 569
1998/99	2 561	-568	-1 198	2 451	-6 521	-3 275
1999/00	-1 997	-703	-1 809	-2 626	217	-6 918
2000/01	-	-2 268	2 257	-678	-13 282	-13 971
2001/02	-	-1 245	-1 983	5 781	-9 156	-6 603
2002/03	-	3 925	2 649	5 720	7 557	19 851
2003/04	-	5 226	2 230	4 444	32 871	44 771
2004/05	-	413	1 764	1 059	37 746	40 982
2005/06	-	3 008	7 123	-1 426	38 755	47 460
2006/07	-	6 176	5 453	-3 289	36 097	44 437
Calendar years						
1997	-1 911	-1 055	1 844	-1 595	16 606	13 889
1998	1 015	-361	-997	-26	-3 290	-3 659
1999	6 062	-685	-716	-608	-4 545	-492
2000	-6 081	6 608	2 714	-1 434	-12 517	-10 710
2001	-	-6 378	-2 797	8 504	-17 410	-18 081
2002	-	1 837	2 004	10 510	1 866	16 217
2003	-	3 028	3 230	2 629	31 592	40 479
2004	-	8 861	2 736	1 058	34 091	46 746
2005	-	3 565	5 686	-3 916	40 052	45 387
2006	-	-986	5 550	-1 734	41 284	44 114

M4 Reconciliation of General Government Net Borrowing with General Government Gross Consolidated Debt at Nominal Value

Not seasonally adjusted

£ million

Financial years	General Government Net borrowing	Net acquisition of financial assets	LESS Swaps	Consolidating transactions in Maastricht debt instruments	LESS Other accounts payable (F.7)	Adjustment for holding gains/losses ¹	Adjustment from market to nominal value ²	Other adjustments	Increase in general gov. gross consolidated debt at nominal value
				YEQP	-NFVL	EYVC	YEQT	MDQA	
1994/95	-MDUK	NFPG	-CFZG	YEQP	-NFVL	EYVC	YEQT	MDQA	
1994/95	46 103	-5 947	-	-267	-1 071	170	-2 005	2 424	39 941
1995/96	38 516	-768	-	548	-1 059	363	-1 431	2 688	37 761
1996/97	30 486	-2 100	-	1 244	-1 804	-2 100	-855	1 184	23 567
1997/98	8 688	-2 711	-	932	-1 705	-982	-192	-1 666	500
1998/99	-2 250	1 283	-	2 107	78	496	1 289	-1	-1 212
1999/00	-11 764	6 819	55	1 549	-918	-543	2 469	849	-4 582
2000/01	-15 816	25 017	265	732	-21 212	801	1 141	-725	-11 261
2001/02	1 423	-8 337	-92	612	678	-46	2 141	2 382	-2 463
2002/03	25 778	-6 264	-390	-3 046	-2 166	-197	1 063	-1 672	19 198
2003/04	36 229	2 062	43	-3 296	2 978	-201	-425	1 147	45 129
2004/05	41 079	1 031	-139	245	-879	-17	847	-4 300	37 377
2005/06	38 042	19 651	-152	5 505	-5 533	168	2 161	-1 083	47 749
2006/07	34 036	9 066	-194	165	1 426	-235	224	-1 140	43 018
Calendar years									
1997	18 611	-592	-	1 702	-2 929	-665	-128	100	..
1998	1 238	-2 248	-	982	-730	354	1 370	-2 015	-3 013
1999	-8 585	8 370	-	2 319	43	-661	2 717	-1 532	-1 967
2000	-13 222	28 916	184	1 171	-23 233	429	2 139	1 336	-4 622
2001	-7 638	-13 855	96	-39	3 494	142	1 565	843	-15 314
2002	19 859	-6 484	-238	-1 848	1 396	-135	750	992	17 988
2003	36 904	-1 974	-124	-4 129	1 111	-128	-1 125	-1 051	37 742
2004	39 655	4 760	-173	460	3 682	-51	183	-852	46 744
2005	40 833	9 361	137	2 575	-3 654	160	1 617	-4 377	41 502
2006	34 527	12 762	-419	2 350	-1 998	-264	933	1 071	44 262

1 (+) = holding gain, (-) = holding loss.

2 Market value minus nominal value.

M5 Reconciliation of General Government Gross Consolidated Debt at Nominal Value with National Accounts¹

£ million

		2003 /04	2004 /05	2005 /06	2006 /07	2001	2002	2003	2004	2005	2006
GENERAL GOVERNMENT TOTAL FINANCIAL LIABILITIES	NFPVQ	545 809	583 936	650 502	678 514	489 705	511 442	537 529	593 143	652 103	689 654
LESS Other Accounts payable (F.7)	-NNMI	-30 292	-31 541	-33 122	-35 302	-31 194	-28 247	-28 812	-30 808	-32 496	-35 148
General govt. gross unconsolidated debt at market prices	YEQQ	515 517	552 395	617 380	643 212	458 511	483 195	508 717	562 335	619 607	654 506
Consolidation											
LG deposits with CG	GTI9	471	23	23	-	31	200	191	105	46	10
LG holdings of treasury bills	NJEW	113	104	278	64	382	201	164	105	119	101
LG holdings of gilts	APEI	204	215	525	146	660	375	272	175	180	249
LG loans to CG	GTG4	41 556	42 339	47 417	48 242	47 928	46 425	42 187	42 961	45 527	48 059
CG loans to LG	GTG5	-	-	-	-	-	-	-	-	-	-
Total consolidation	MDQD	42 344	42 681	48 243	48 452	49 001	47 201	42 814	43 346	45 872	48 419
General govt. gross consolidated debt at market prices	MDQE	473 173	509 714	569 137	594 760	409 510	435 994	465 903	518 989	573 735	606 087
LESS British central government securities at market prices	-NLJI	-338 788	-374 215	-423 902	-439 951	-292 855	-306 140	-327 095	-366 419	-417 042	-446 450
PLUS British central government securities at nominal prices	BKPM	311 859	348 122	386 135	419 579	268 585	273 374	302 162	335 144	372 523	413 841
General govt. gross consolidated debt at nominal prices ²	YEQG	446 244	483 621	531 370	574 388	385 240	403 228	440 970	487 714	529 216	573 478

1 Public Sector Finances consistent version of data.

2 General govt. gross consolidated debt as defined in the Maastricht Treaty.

M6 Reconciliation of Transactions in Maastricht Debt Instruments with National Accounts¹

£ million

		2003 /04	2004 /05	2005 /06	2006 /07	2001	2002	2003	2004	2005	2006
GENERAL GOVERNMENT TRANSACTIONS IN FINANCIAL LIABILITIES	NFSK	38 497	42 106	58 498	43 176	-21 614	12 973	35 239	43 524	51 616	48 462
LESS Other Accounts payable (F.7)	-NFVL	2 978	-879	-5 533	1 426	3 494	1 396	1 111	3 682	-3 654	-1 998
General govt. unconsolidated transactions in Maastricht debt instruments	MDQF	41 475	41 227	52 965	44 602	-18 120	14 369	36 350	47 206	47 962	46 464
Consolidation											
LG deposits with CG	GTF4	380	-541	2	-69	-59	122	252	-143	-14	-173
LG holdings of treasury bills	NFPV	-151	-9	174	-214	119	-180	-37	-59	14	-18
LG holdings of gilts	NFQI	-226	11	315	-377	191	-264	-102	-98	7	75
LG loans to CG	GTF6	-	-	-	-	-	-	-	-	-	-
CG loans to LG	GTF8	-3 299	784	5 014	825	-290	-1 526	-4 242	760	2 568	2 466
Total consolidating transactions	YEQP	-3 296	245	5 505	165	-39	-1 848	-4 129	460	2 575	2 350
General govt. consolidated transactions in Maastricht debt instruments	YEQR	44 771	40 982	47 460	44 437	-18 081	16 217	40 479	46 746	45 387	44 114

1 Public Sector Finances consistent version of data.

M7 Government Deficit under the Maastricht Treaty

Reconciliation of versions of net borrowing

Not seasonally adjusted

£ million

	General government net borrowing (UK Public Sector Finances) ²	Swaps adjustment	General government net borrowing (EDP version)	Spectrum Use Adjustments		General government net borrowing (Eurostat version) ³	Gross Domestic Product			Net borrowing as a percentage of GDP (UK Public Sector Finances) ^{1 2}	Net borrowing as a percentage of GDP (EDP version) ^{2 5}	Net borrowing as a percentage of GDP (Eurostat version) ^{3 4 5}
				accrued rent	adjusted cash receipts		Gross domestic product at UK current prices (UK National Accounts)	FISIM adjustment	Gross Domestic Product including FISIM			
Financial years												
	-NNBK	-CFZG	-MDUK	BKTK	-LSNY	-LSNP	BKTL	C95M	EP3H			
1994/95	46 103	-	46 103	-	-	46 103	693 613	9 720	703 333	6.6	6.6	6.6
1995/96	38 516	-	38 516	-	-	38 516	734 279	10 005	744 284	5.2	5.2	5.2
1996/97	30 486	-	30 486	-	-	30 486	778 724	13 750	792 474	3.9	3.8	3.8
1997/98	8 688	-	8 688	-	-	8 688	829 024	14 164	843 188	1.0	1.0	1.0
1998/99	-2 250	-	-2 250	-	-	-2 250	876 271	14 173	890 444	-0.3	-0.3	-0.3
1999/00	-11 819	55	-11 764	-	-	-11 764	927 330	17 194	944 524	-1.3	-1.2	-1.2
2000/01	-16 081	265	-15 816	806	-22 477	-37 487	971 322	17 900	989 222	-1.7	-1.6	-3.8
2001/02	1 515	-92	1 423	1 044	-	2 467	1 013 368	17 698	1 031 066	0.1	0.1	0.2
2002/03	26 168	-390	25 778	1 044	-	26 822	1 071 469	20 271	1 091 740	2.4	2.4	2.5
2003/04	36 186	43	36 229	1 045	-	37 274	1 136 193	21 364	1 157 557	3.2	3.1	3.2
2004/05	41 218	-139	41 079	1 044	-	42 123	1 195 518	22 742	1 218 260	3.4	3.4	3.5
2005/06	38 194	-152	38 042	1 044	-	39 086	1 249 276	23 534	1 272 810	3.1	3.0	3.1
2006/07	34 230	-194	34 036	1 045	-	35 081	1 322 579	24 986	1 347 565	2.6	2.5	2.6
Calendar years												
1990	10 215	-	10 215	-	-	10 215	560 887	9 480	570 367	1.8	1.8	1.8
1991	18 700	-	18 700	-	-	18 700	589 739	9 069	598 808	3.2	3.1	3.1
1992	40 354	-	40 354	-	-	40 354	614 776	7 435	622 211	6.6	6.5	6.5
1993	51 923	-	51 923	-	-	51 923	645 500	8 805	654 305	8.0	7.9	7.9
1994	47 185	-	47 185	-	-	47 185	684 067	9 146	693 213	6.9	6.8	6.8
1995	43 394	-	43 394	-	-	43 394	723 080	10 380	733 460	6.0	5.9	5.9
1996	32 857	-	32 857	-	-	32 857	768 905	12 971	781 876	4.3	4.2	4.2
1997	18 611	-	18 611	-	-	18 611	815 881	14 243	830 124	2.3	2.2	2.2
1998	1 238	-	1 238	-	-	1 238	865 710	13 540	879 250	0.1	0.1	0.1
1999	-8 585	-	-8 585	-	-	-8 585	911 945	16 784	928 729	-0.9	-0.9	-0.9
2000	-13 406	184	-13 222	545	-22 477	-35 154	958 931	17 310	976 241	-1.4	-1.4	-3.6
2001	-7 734	96	-7 638	1 044	-	-6 594	1 003 297	18 109	1 021 406	-0.8	-0.7	-0.6
2002	20 097	-238	19 859	1 044	-	20 903	1 055 793	19 471	1 075 264	1.9	1.8	1.9
2003	37 028	-124	36 904	1 045	-	37 949	1 118 245	21 324	1 139 569	3.3	3.2	3.3
2004	39 828	-173	39 655	1 044	-	40 699	1 184 296	22 363	1 206 659	3.4	3.3	3.4
2005	40 696	137	40 833	1 044	-	41 877	1 233 976	23 136	1 257 112	3.3	3.2	3.3
2006	34 946	-419	34 527	1 045	-	35 572	1 301 914	25 030	1 326 944	2.7	2.6	2.7

1 Net borrowing as a percentage of GDP is calculated by dividing net borrowing by the UK National Accounts version of non seasonally adjusted GDP.

2 Version used in UK Public Sector Finances, using equivalent formulae to UK National Accounts, classification of spectrum use as rent. Net borrowing is equivalent to negative net lending. The PSF version is more up to date than data included in the National Accounts

3 Version used by Eurostat, classification as sale of asset. LSNP= MDUK-BKTK+LSNY

4 The Eurostat decision has wider implications for the National Accounts System. These will affect the level of net borrowing and GDP. These wider implications have been ignored in the construction of this measure.

5 Uses FISIM-adjusted version of GDP.

M8R Government Deficit and Debt Under the Maastricht Treaty

	General government net borrowing	General government gross consolidated debt at nominal value	Gross domestic product (GDP) at current market prices	Net borrowing as a percentage of GDP	Gross consolidated debt as a percentage of GDP
	-MDUK	YEQG			YEQJ
1994/95	-666	70	0	0.0	0.0
1995/96	-163	397	0	0.0	0.1
1996/97	562	1313	0	0.0	0.2
1997/98	-175	28	0	-0.1	0.0
1998/99	-526	-189	0	-0.1	-0.1
1999/00	644	185	0	0.1	0.0
2000/01	1340	523	0	0.1	0.1
2001/02	-20	1374	0	0.0	0.1
2002/03	350	1369	0	0.1	0.1
2003/04	-443	2910	0	-0.1	0.3
2004/05	406	1576	0	0.1	0.1
2005/06	-1232	1676	820	-0.1	0.1
2006/07	-1701	2749	1740	-0.2	0.1
1997	-294	1253	0	-0.1	0.1
1998	49	300	0	0.0	0.0
1999	268	-315	0	0.1	-0.1
2000	1185	1459	0	0.1	0.1
2001	1291	5	0	0.2	0.0
2002	707	2750	0	0.0	0.3
2003	-1819	1628	0	-0.2	0.1
2004	-406	3795	0	0.0	0.3
2005	-256	1609	0	-0.1	0.1
2006	-2292	1500	2377	-0.2	0.0