



Economic Commission for Europe**Conference of European Statisticians****Seventy-second plenary session**

Geneva, 20 and 21 June 2024

Item 6 of the provisional agenda

**Implementation of the 2025 System of National Accounts in the
Conference of European Statisticians member countries****The United Kingdom experience: roadmap to the 2025
System of National Accounts and seventh edition of Balance
of Payments and International Investment Position Manual****Prepared by United Kingdom of Great Britain and Northern Ireland***Summary*

This paper outlines the approach of the United Kingdom to implementing the System of National Accounts, 2025 (2025 SNA) and seventh edition of the Balance of Payments and International Investment Position Manual (BPM7) frameworks, led by the Office for National Statistics (ONS). It concludes that, despite the advantages of a centralised system, coordinating updates to international frameworks presents challenges in maintaining data consistency. To address this, the United Kingdom has developed a strategy based around a twin-track approach, at the strategic and operational levels. In addition, the ONS will also be managing the framework updates alongside concurrent impactful projects such as the implementation of the new industry and product classifications, developing a new business register and overhauling business surveys, and exploration of methods to go ‘beyond’ the SNA through the development of a new suite of metrics, labelled Inclusive Income. These new innovative measures will bring together selected data from the core sequence of the SNA, the extended and thematic accounts, and the System of Environmental-Economic Accounting. The United Kingdom plans a staged implementation of the new frameworks by the end of 2029, with communication efforts focusing on pre-announcing changes and educating users on terminology updates.

The document is presented to the Conference of European Statisticians’ session on “Implementation of the 2025 System of National Accounts in the Conference of European Statisticians member countries” for discussion.



I. Background

1. The United Kingdom Statistics Authority (the Authority) is an independent body at arm's length from the Government. The Office for National Statistics (ONS) is the executive office of the Authority and the largest producer of official statistics in the United Kingdom. The ONS, via the National Statistician, reports to the Authority Board, which has responsibility for oversight of the statistical system, including the delivery of the framework of macroeconomic statistics encompassing national accounts, balance of payments, government finance statistics, and related thematic accounts.
2. The ONS also works closely with the Bank of England in respect of the update of the sixth edition of the Balance of Payments and International Investment Position Manual.
3. The centralised nature of this system offers advantages against the challenges posed when implementing new frameworks. However, despite all compilation systems being under the same organisational umbrella, the task of coordinating updates to, and implementation of, international frameworks proves to be challenging in practice, particularly in maintaining data consistency across the various conceptual frameworks.



II. Response to global consultation

4. During the research and consultation phase for the System of National Accounts, 2025 (2025 SNA) and seventh edition of the Balance of Payments and International Investment Position Manual (BPM7), the ONS has coordinated its involvement with international organisations and domestic stakeholders in the United Kingdom via a dedicated internal working group. This collective has guaranteed that all United Nations consultations are thoroughly assessed by all pertinent stakeholders and has facilitated unified feedback.
5. This feedback is also shared with the National Statistician's Committee for Advice on Standards for Economic Statistics (NSCASE), which plays a key role in the governance of economic statistics in the United Kingdom. NSCASE supports the National Statistician by making recommendations and providing advice to him on economic matters relevant to the ONS.
6. Specifically, NSCASE provides advice to the National Statistician on:
 - The suitability of current standards across the ONS's suite of economic data
 - Which standards the United Kingdom should adopt in the future, to meet the specific measurement needs of the economy of the United Kingdom, while ensuring international comparability, and
 - How the United Kingdom should influence the development of future standards.

III. Implementation planning

7. Since the scope of the framework updates was ratified by the UN Statistical Commission in early 2024, the ONS has set up an operational Frameworks Strategic Implementation Group (FSIG) to start the process of planning the implementation phases. This group consists of senior managers representing all areas of economic statistics as well as methods experts, and currently meets on a monthly basis.
8. As part of this process, FSIG is enhancing the depth of information already outlined for each recommendation to elucidate its relevance to the context of the United Kingdom. This entails pinpointing the affected data sources, required system modifications, methodological impacts, and potential effects on outputs. Presently, this is being refined through a sequence of internal workshops. All this information is consolidated in a planning workbook, seamlessly connected to a PowerBI dashboard for efficient communication of the planning information (see Figure 1).

Figure 1
PowerBI Dashboard Example

Code F.1	Title More Disaggregated Institutional Sector and Financial Instrument Breakdowns																
Priority Must-New	Description * Links to Guidance Notes F.3, F.4, F.6, F.7, G.2 and G.4 * Various recommendations for more detailed breakdowns of the financial corporations' sector and a number of financial instruments * Need to agree which subsectors will be covered in chapter 5 on residence, institutional units and sectors versus chapter 29 on financial corporations																
UN Theme Financial																	
ONS Theme CL																	
Type of Change	<table border="1"> <thead> <tr> <th>SNA Change</th> <th>BPM Change</th> <th>GFS Change</th> <th>Change Type</th> <th>UN status</th> <th>UN Priority</th> <th>ESEG MoSCoW</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>Yes</td> <td>No</td> <td>Core</td> <td>Endorsed</td> <td>Other</td> <td>Should</td> </tr> </tbody> </table>			SNA Change	BPM Change	GFS Change	Change Type	UN status	UN Priority	ESEG MoSCoW	Yes	Yes	No	Core	Endorsed	Other	Should
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Affects	<table border="1"> <thead> <tr> <th>Transactions Affected</th> <th>Assets Affected</th> <th>Sectors Affected</th> <th>Accounts SNA</th> <th>Accounts BPM</th> <th>Accounts GFS</th> </tr> </thead> <tbody> <tr> <td>F</td> <td>AF</td> <td>All</td> <td>Financial Account, Balance Sheets</td> <td>Financial Account, IIP</td> <td>None</td> </tr> </tbody> </table>			Transactions Affected	Assets Affected	Sectors Affected	Accounts SNA	Accounts BPM	Accounts GFS	F	AF	All	Financial Account, Balance Sheets	Financial Account, IIP	None		
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Change Type Core	Action required Analytical: More disaggregated breakdowns of institutional sectors and financial instruments need to be considered to improve the analytical value of the system of national accounts (SNA) and the external sector statistics (ESS), and to better align these breakdowns with recent developments in the financial industry and markets. Such enhancements could improve the understanding and analysis of the various operations of financial subsectors and cha...		Int URL 														

9. FSIG has now begun to review each change and prioritise it based on impact and importance to the economy of the United Kingdom. It will look to package changes together to ensure coordination.

10. In addition to utilising the dashboard for practical assistance in implementing the new frameworks, the ONS can leverage its links to other architectural elements to estimate resource needs, timelines, dependencies, and overall structure of the implementation schedule.

11. The ONS is in the early planning stages to ensure sufficient funding through our organisational frameworks, and the new conceptual frameworks will form the basis for a foundation of relevant work programs for the next five years.

IV. The importance of coordinated change

12. Whilst the new frameworks present specific challenges in measuring the ever-changing economic landscape, from a practical perspective the new industry and product classifications present a larger implementation task. This is especially so as the implementation process is intertwined with the framework updates.

13. It is important to recognise that, while all countries will be dealing with the implementation of not only the new frameworks but also the new industry and product classifications, the ONS is also engaged in several other significant development projects concurrently.

14. For example, the ONS is in the process of re-developing its business register and transforming its business surveys. Undoubtedly, having a new business register presents good opportunities linked to the new frameworks and industry classifications updates. However, there are more immediate challenges relating to integrating the business register into existing surveys and administrative sources, before considering adopting new classifications. Likewise, survey redevelopment presents excellent opportunities to incorporate any new requirements, but concurrent transformation on this scale will bring significant challenges.

15. Putting all of these major developments together does present a huge planning and resourcing challenge – especially around integrating all the system changes. Accordingly, we have already set-out an indicative roadmap up to 2029 which identifies the key dependencies between the different programmes.

V. User engagement

16. To date, aside from the engagement of the United Kingdom linked to the United Nations consultation process, the ONS has not yet started a full user engagement exercise with external stakeholders based in the United Kingdom. In the last revision of the SNA (2008 SNA), the United Kingdom documented a proactive stakeholders engagement process in an item published in [SNA News & Notes](#) in April 2004. We plan to adopt a similar approach whereby we establish an internal steering group, run the implementation through a formal programme and establish a committee and user groups with representation from other government departments, academic and research institutions, and professional accounting bodies.

VI. Implementation thoughts

17. Whilst the planning towards the new frameworks is still at an early stage, the United Kingdom is planning to adopt a staged implementation. In some programme areas, research and experimental data are already available for certain recommendations. For other areas, the implementation needs coordination across the different frameworks.

18. The United Kingdom is looking to implement those components of 2025 SNA and BPM7 recommended by the National Statistician, after receiving advice from NSCASE, and ratified by the Authority Board by the end of 2029.

VII. Communication

19. In terms of communication of changes to the frameworks, the ONS has a longstanding practice of both releasing new outputs on an experimental basis as well as pre-announcing changes to forthcoming releases with a series of articles which explain upcoming changes and expected revisions.

20. Since the overarching accounting frameworks and classifications are largely the same, the bigger anticipated challenge could lie in the terminology changes being introduced. Whilst it is understood that the aim is to be more consistent across the different frameworks and more user-friendly, there will still need to be a process to ensure advice is provided for some of our more technical users.

VIII. Extension activity

21. In addition, the United Kingdom is already implementing extension work which acts as a proof of concept for how countries can utilise the data produced within the SNA, and across the wider statistical landscape including System of Environmental-Economic Accounting, to produce new innovative metrics which showcase the full 'Beyond GDSP' potential of these data. These new 'Inclusive Income' metrics demonstrate the capability to combine data to tell a fuller story which captures social, environmental and economic factors, whilst remaining true to national accounts fundamentals.

22. Utilising data from the current UK Environmental Accounts, the UK Human Capital Satellite Account, the UK Household Unpaid Work Satellite Account, and experimental statistics relating to investment in the full range of Corrado, Hulten, and Sichel intangible assets (including branding assets) ONS is expanding the asset boundary to incorporate human capital, natural capital, consumer durables and omitted intangibles to provide a full picture of assets held in the United Kingdom which relate to production, both within the production boundary and outside. It then captures the flows of benefits emerging from these assets by effectively widening the production boundary to capture all flows of benefits received by consumers, paid or unpaid, from humanity or from nature.

23. The United Kingdom has been routinely publishing these [statistics](#) since June 2023, with a time series beginning in 2005, and is now able to illustrate key new perspectives on the United Kingdom from those observed in the national accounts:

- In current price terms, gross value added from services delivered via unpaid household work now exceeds the gross value added in the market sector (excluding imputed household rentals) and have done so since 2009.
- Gross Inclusive Income per person peaked in 2017, before falling even before the Covid-19 pandemic. This was because of a fall-off in the volume of unpaid household work in 2017 and 2018. This compares to GDP per person which continued to grow until 2019.
- Net National Disposable Income (NNDI) per person grew slowly in the immediate years following the global financial crisis, then grew at a faster rate from 2013 until the Covid-19 pandemic. In contrast, Net Inclusive Income (NII) per person (which is conceptually similar to NNDI) grew at a more consistent rate over the periods as a whole. More recently, NII per capita fell more sharply and recovered more slowly over the pandemic period when compared with NNDI, reflecting the implications for economic sustainability of the lower output but maintained capital consumption over this period.
- Net investment across all capital types has generally been less than 10 per cent of total Gross Inclusive Income in all years except 2020, explained by depreciation equalling around 40 per cent.

24. It is clear that there are significant benefits from the development of complements to GDP, which benefit from both the robust data and methodologies within the SNA. Whilst dashboards and wider indicator sets may utilise other data sources, fully utilising the power of the SNA to provide comparable metrics which can be used alongside GDP to provide wider perspectives, particularly in relation to sustainability and inclusion is an opportunity countries should seize. This is especially relevant if they are able to do so at low cost, as many of the required datasets are already produced by national statistics institutes (NSIs), or strong exemplars can be sourced from within the NSI family.

IX. Conclusion

25. The United Kingdom is actively working towards implementation of the new SNA and BPM frameworks. Our approach is based on covering both the strategic and operational levels. As part of our ongoing transition and developments, we will look to deliver an integrated set of changes by the end of 2029. Alongside this we will continue our development of a new suite of metrics, labelled Inclusive Income. These new innovative measures will bring together selected data from the core sequence of the SNA, the extended and thematic accounts, and the System of Environmental-Economic Accounting.
