

Public Value: Devolved Public Finance Statistics –

Part 2: Publishing Assets and Liabilities data for Devolved Nations

Findings from Systemic Review conducted in 2018-19

NB further findings from this review can be found at

<https://www.statisticsauthority.gov.uk/publication/public-value-of-statistics-on-public-finances-in-a-devolved-uk/>

Links to our Phase 1 work – transparency and coherence of devolved public finance statistics

- the first phase of this review focused on the transparency and coherence of the current statistics and data about devolved expenditure and revenue data; the concerns in Phase 1 were less to do with gaps in data, than gaps in analysis
- our second phase looked forward to the imminence of a richer data world in devolved public finances – beyond Expenditure and Revenue. We now consider data gaps relating to assets and liabilities data
- We separated the two phases as we identified (i) different interest areas among some of the stakeholders and users about devolved assets and liabilities compared with expenditure and revenue; (ii) different sources of data; and (iii) the timeframes for change (medium term for Phase 1; long terms for Phase 2)

What are the data about and how are people likely to use the data?

- data are about investments made by devolved government on behalf of their citizens in things like schools, hospitals, financial assets and commercial enterprises
- Data describe and state the value of the each countries' portfolio of significant assets and liabilities, how this changes, and how it is expected to change in future
- Data would be expected to present a fuller picture of the sustainability of government finances and take an intergenerational view
- Questions the statistics might address include:
 - How strong and resilient is the balance sheet?
 - How can we get better at investing for wellbeing?
 - how can the country's assets lead to improved living standards

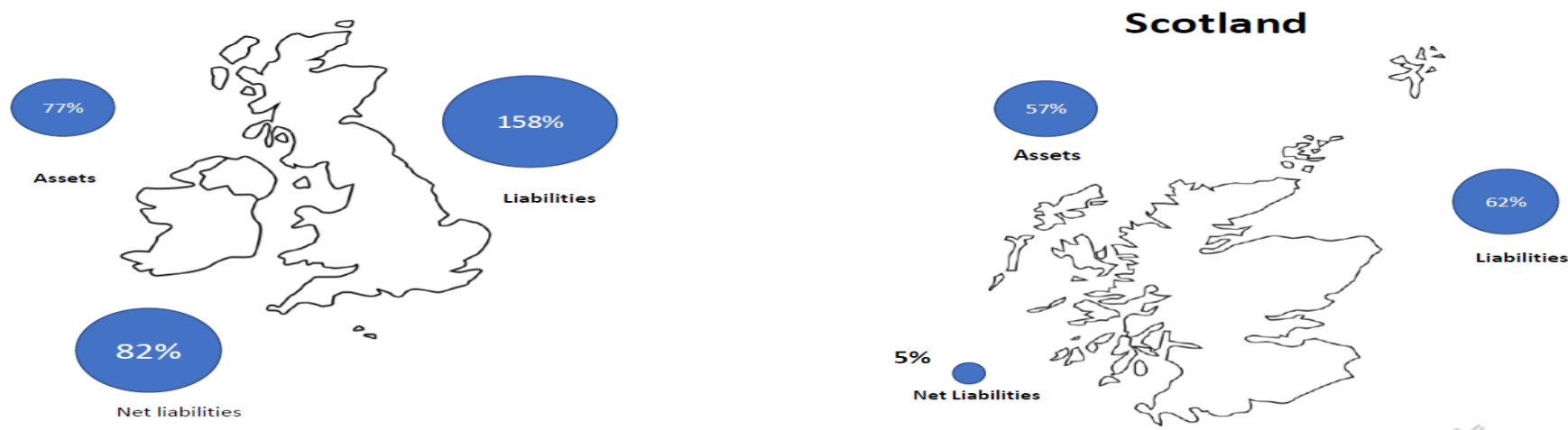
The time to start planning for data on assets and liabilities in devolved nations is now

- Balance sheet management has not been an area of focus for governments until very recently but this is changing as governments around the world experience low growth in tax revenues and inexorable pressure on spending
- Managing tax and spending is important but not sufficient for good financial management- need to manage for the long term
- UK is regarded as a leader in presenting comprehensive financial data using international financial standards (Whole of Government Accounts - WGA) but they are not widely used
- In Scotland and Wales calls for this data to be made transparent have been clear but not in Northern Ireland
- Future generations will bear the consequences of the decisions of today, so it is vital that those in devolved nations have the right expertise to understand how their assets and liabilities will change as a result of policy-making

Example # 1 of potential graphical representation of Assets, Liabilities and Net Balance- the UK vs Scotland

This presentation has been created by the OSR from published data. The data show very different net financial positions between Scotland and the UK and give rise to many questions about the data. This graphic underscores the need for better data

UK Government and Scotland Balance Sheets (assets and liabilities as share of GDP)

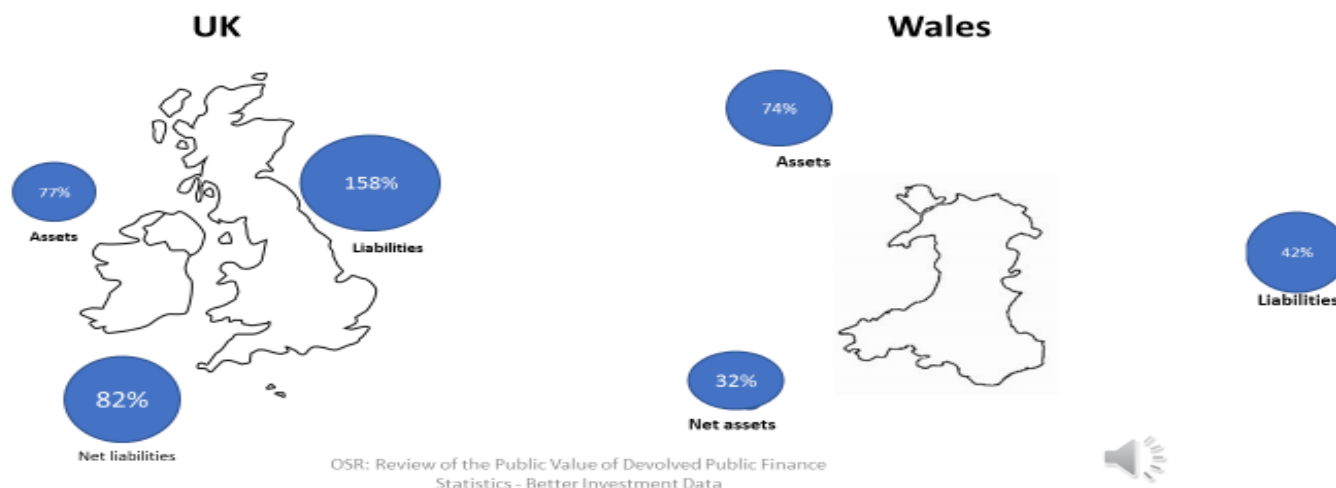


Source: UK data from [Whole of Government Accounts data for 2011-12](#) and [ONS GDP data](#); Scottish data from [Audit Scotland](#) and [GDP data from Scottish Government based on 2011-12](#)

Example # 2 Differences in the net position- UK vs Wales

This depicts the difference in the net positions between the UK and Wales based on published data. The relative positions of the UK (significant net liabilities) and Wales (significant net assets) gives rise to questions around different methods and data used. Coherence can only be achieved when consistent approaches are adopted

UK Government and Wales Balance Sheets
(assets and liabilities as share of GDP)



Source: UK data from [UK Whole of Government Accounts](#) and [ONS GDP](#) both for financial year 2011-12; Welsh data from [CIPFA](#) and GDP data from Welsh Governance Centre [Government Expenditure and Revenue Wales for 2011-12](#)

How sure are we of the demand for this information?



In Scotland there's been interest in developing such statistics for some time

- New Scottish Government statistics being produced including some investment data
- Audit Scotland – called for balance sheet data for Scotland
- Commitment from Permanent Secretary of SG to further enhance financial reporting in Scotland



In Wales there is interest in developing such statistics

- CIPFA – issued a balance sheet for the Wales Public sector
- The outgoing Wales Auditor General in 2018- called for this data for Wales
- Unsure of the political interest though



No indication that such statistics are sought in Northern Ireland (NI Audit Office told us that currently there is no intention of producing a NI version of WGA, although the information is available)



Other promoters of transparent balance sheet data are some of the leading accountancy bodies – CIPFA, ICAEW, ICAS, some national Audit Bodies

How sure are we the data exist and how transparent are the insights from the data?

- Balance sheet data is available for the Devolved Nations
- Conventional wisdom ‘Nobody reads this stuff, its complex and there’s a lack of media interest’
- The only way that the insights from the data can be made transparent is through careful analysis, presentation and definite use cases from a defined user-base

Case Study: New Zealand –in 2014 their Treasury said ‘more systematic collection and use of information is necessary. High quality information is vital to implementing more rigorous investment decision making and balance sheet management from a whole of Crown perspective’



- New Zealand is a sovereign state, a question that would inevitably arise in the UK context is about defining identifiable and non-identifiable assets and liabilities (as happens with expenditure statistics)

Summary

- we see the demand for investment and balance sheet data at the devolved nations level growing- data development must be evidence-led with users wanting to ‘pull’ the data
- simply putting assets and liabilities data into the public domain without careful presentation and comment would risk misinterpretation and / or apathy
- devolved nations should consider what their assets and liabilities strategy should be e.g. first mover, second mover, commissioning analyses to encourage innovation

Our next steps – using our power to convene

1. Informally discuss with devolved nations statisticians about the idea of identifiable and non-identifiable assets / liabilities
2. Share our findings with Chief Statisticians in the devolved nations and ask that they review their strategic preferences in regard to the provision of assets and liabilities data for their nations and kindly ask them to share their choices with us which we can report back
3. Subject to the outcome of our informal discussions with statisticians in the devolved nations that they would like to explore demand for data further we will consider using our powers to convene to bring together interested parties to test the strength of demand for assets and liabilities data and the uses they would want to put the data to
4. We will continue to monitor developments in this space in leading jurisdictions such as New Zealand to pass on any learning

