HM Treasury

Whole of Government Accounts: 2016-17

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Key findings from 2016-17 WGA

1. Overall financial position
2. Income and expenditure
3. Assets
4. Liabilities
5. Contingent liabilities
6. Brexit disclosures

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1. Overall financial position

- This is the 8th year of WGA

- Timeliness remains a challenge, but quality of WGA continues to improve

- Positive feedback garnered from Treasury ARC and NAO

- More focus on telling the story of government, and demonstrating how significant areas are being managed

- Improvements to internal processes leave WGA well placed for future years, although significant challenges on the horizon

1. Overall financial position

Qualification issues:

- Academies

- Qualifications from underlying accounts

- Boundary

- Inconsistent application of accounting frameworks

1. Overall financial position
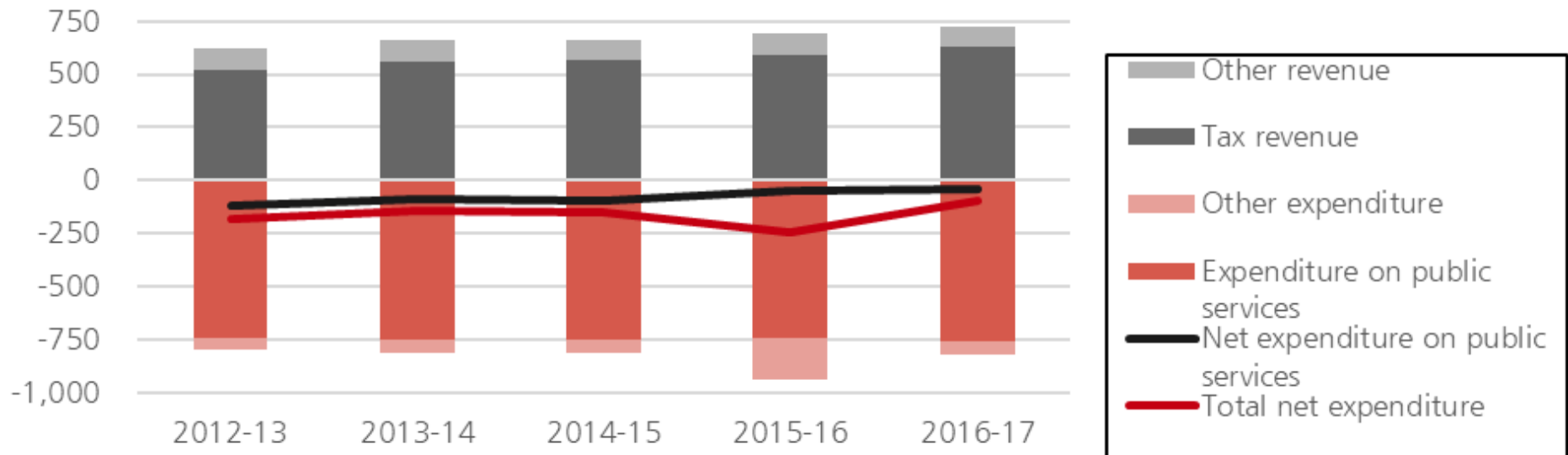

£bn per financial year
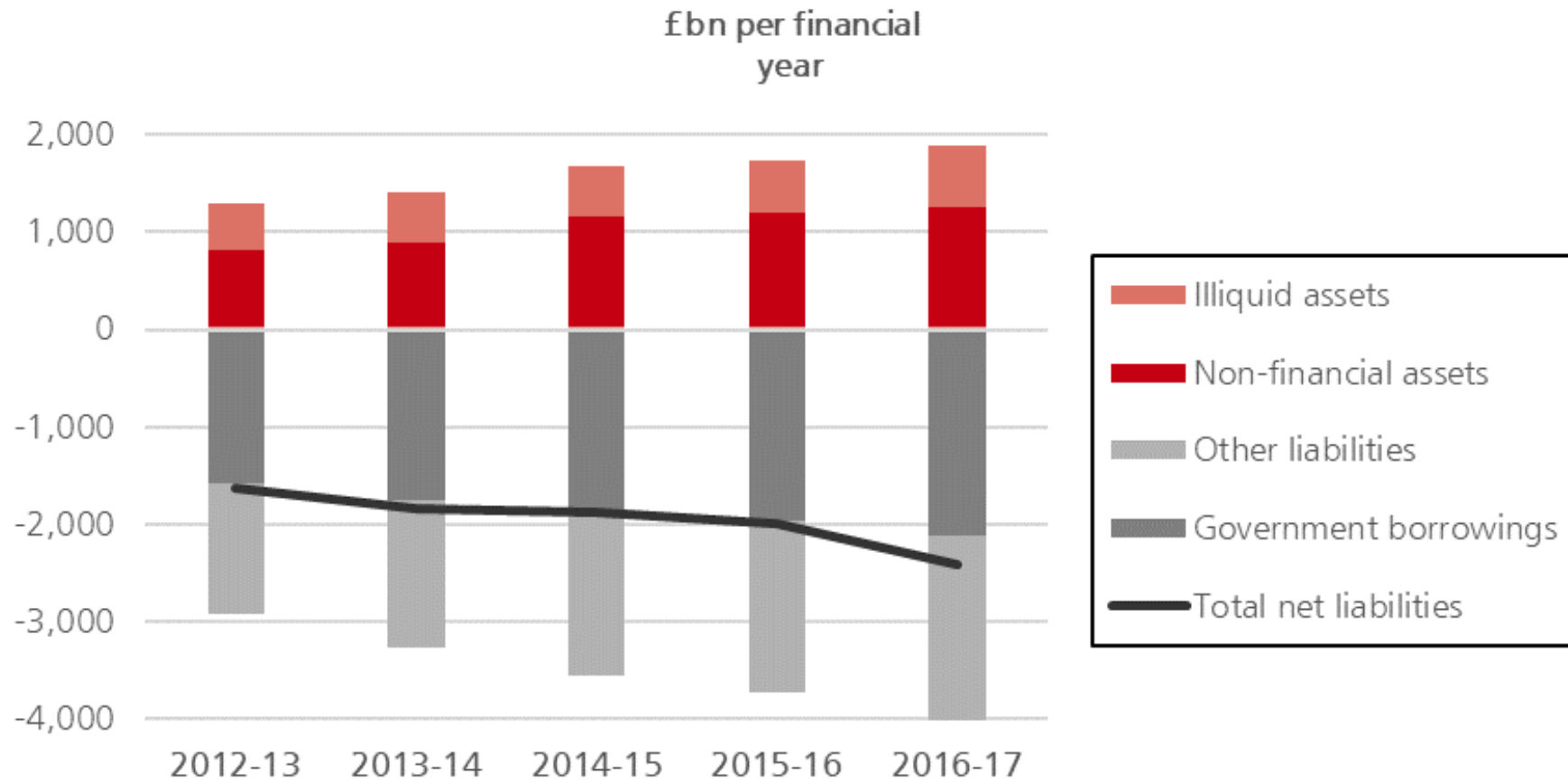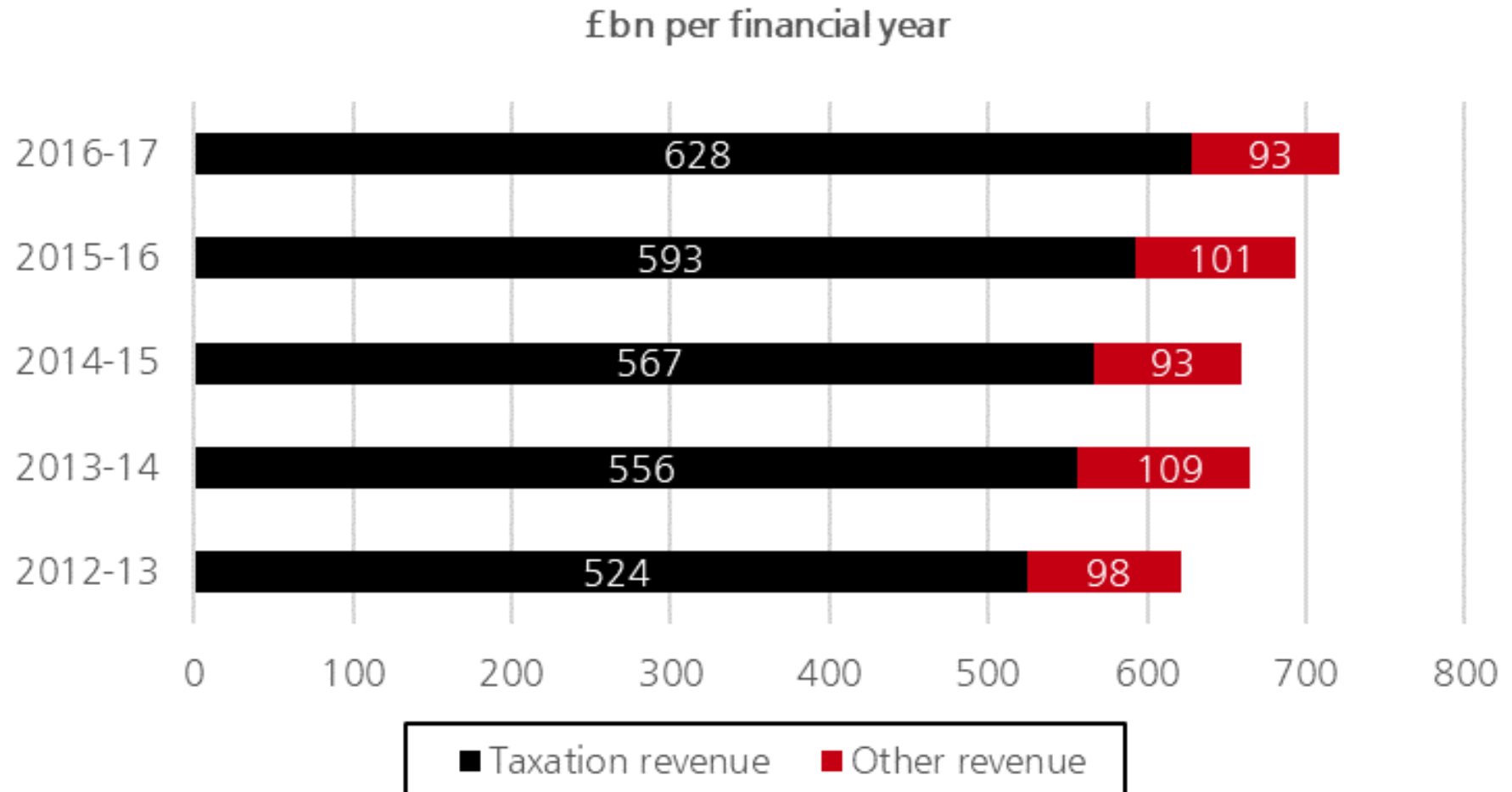
2. Income and Expenditure

- I&E has remained largely stable this year

- Challenges remain around disaggregation of Purchases of Goods and Services

- Main change has been loss of one-off income from sale of financial assets in 2015-16

2. Income and Expenditure

£bn per financial year

Legend:
- Other revenue
- Tax revenue
- Other expenditure
- Expenditure on public services
- Net expenditure on public services
- Total net expenditure

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2a. What is the government's primary source of income?

£bn per financial year

Financial year	Taxation revenue	Other revenue
2016-17	628	93
2015-16	593	101
2014-15	567	93
2013-14	556	109
2012-13	524	98

■ Taxation revenue ■ Other revenue

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2b. What is government expenditure made up of?

£bn per financial year

Year	Social security benefits	Staff costs	Purchases of goods and services	Grants and subsidies	Depreciation and impairment	Other
2016-17	224	191	195	54	47	50
2015-16	223	193	192	54	43	38
2014-15	218	186	192	57	45	54
2013-14	213	188	191	56	51	50
2012-13	215	184	182	56	51	53

Legend:
- Social security benefits
- Staff costs
- Purchases of goods and services
- Grants and subsidies
- Depreciation and impairment
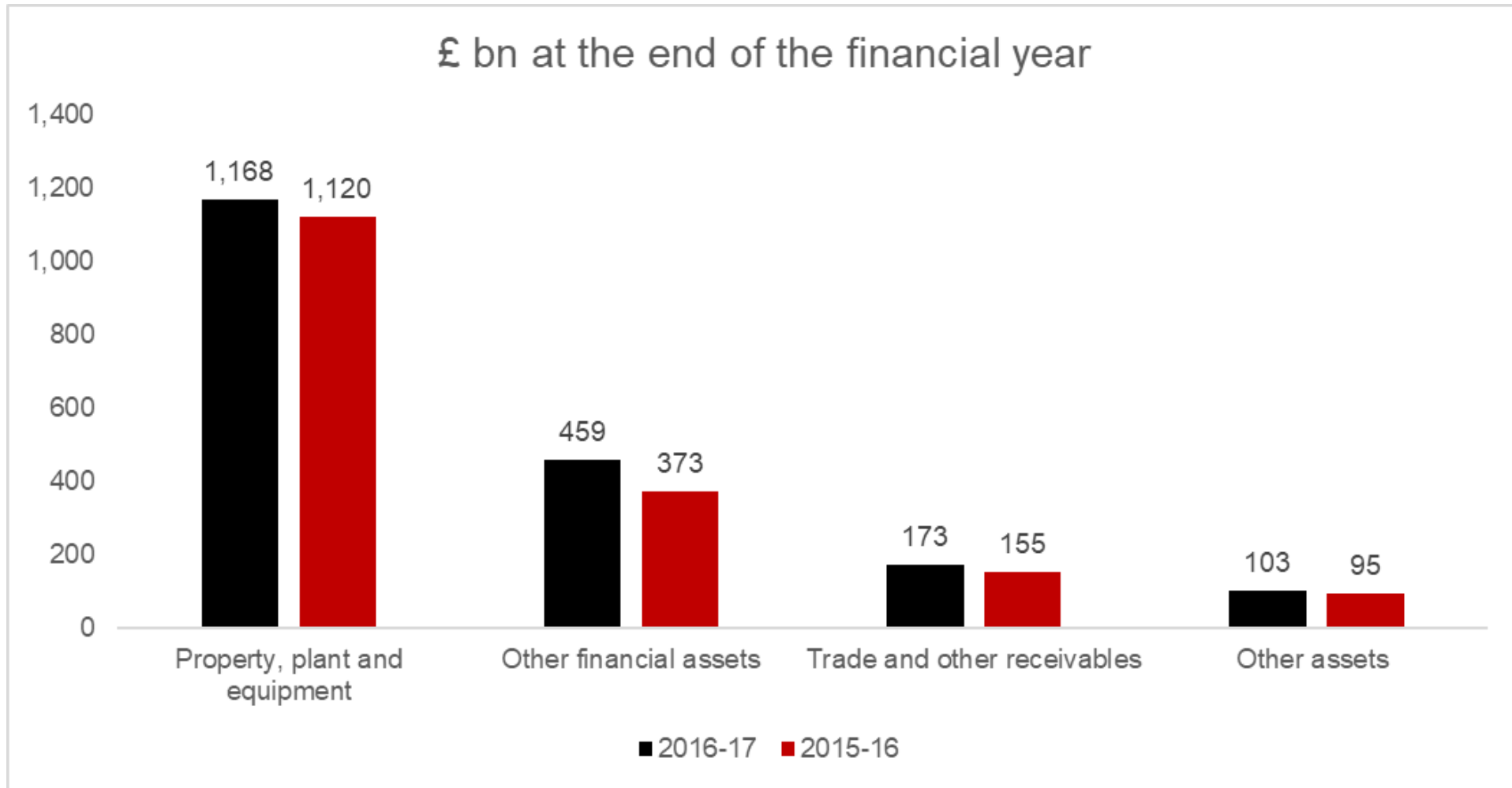- Other

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3. Assets

- WGA has been used as part of the Balance Sheet review

- Qualification remains around the valuation of Local Authority Highways Infrastructure assets

- Main movement this year has been around financial assets

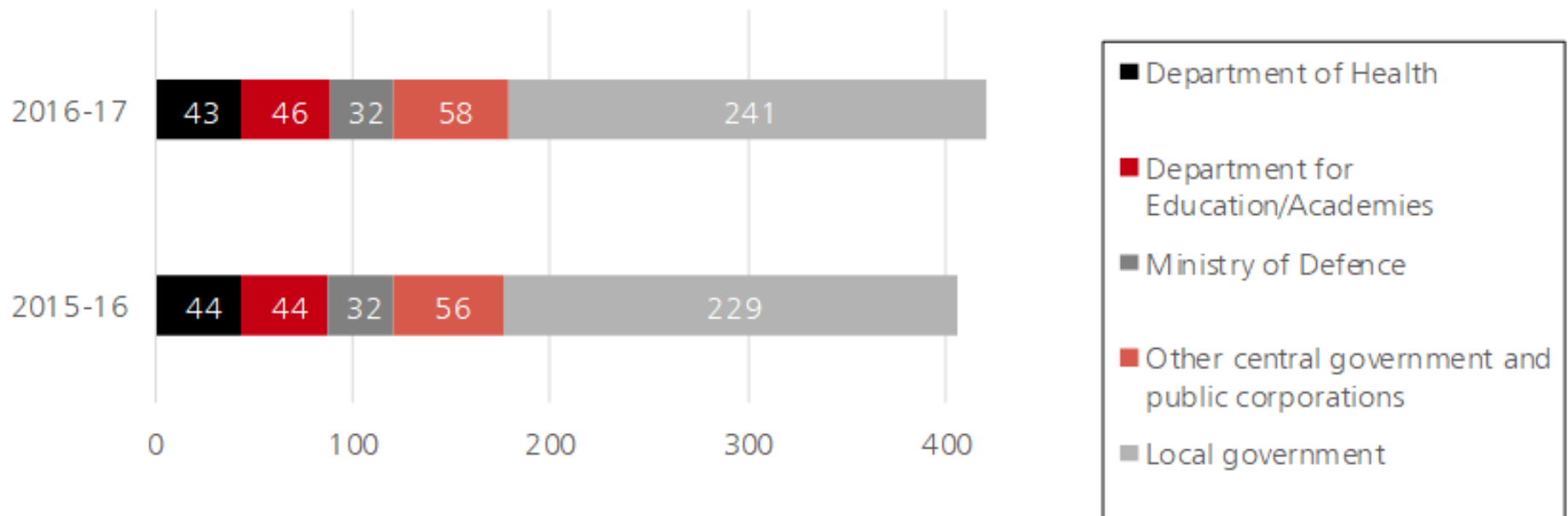# 3. What are the most significant assets controlled by government?

£ bn at the end of the financial year

Category	2016-17	2015-16
Property, plant and equipment	1,168	1,120
Other financial assets	459	373
Trade and other receivables	173	155
Other assets	103	95

■ 2016-17 ■ 2015-16

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3a. Infrastructure assets

Held by	2016-17 £bn	2015-16 £bn
Network Rail	288.9	280.1
Department for Transport	117.4	113.3
Scottish Water	56.3	52.2
Northern Ireland Department for Infrastructure	25.6	24.5
Scottish Government Strategic Road Network	17.7	17.1
Welsh Government	15.6	14.8
Other	3.9	5.5
Total central government and public corporations	525.0	507.5
Transport for London	18.6	18.2
Highways infrastructure and other local government assets	51.6	46.9
Total local government	70.2	65.1
Total infrastructure assets	595.6	572.6

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3b. Breakdown of government's estate

£ bn per financial year

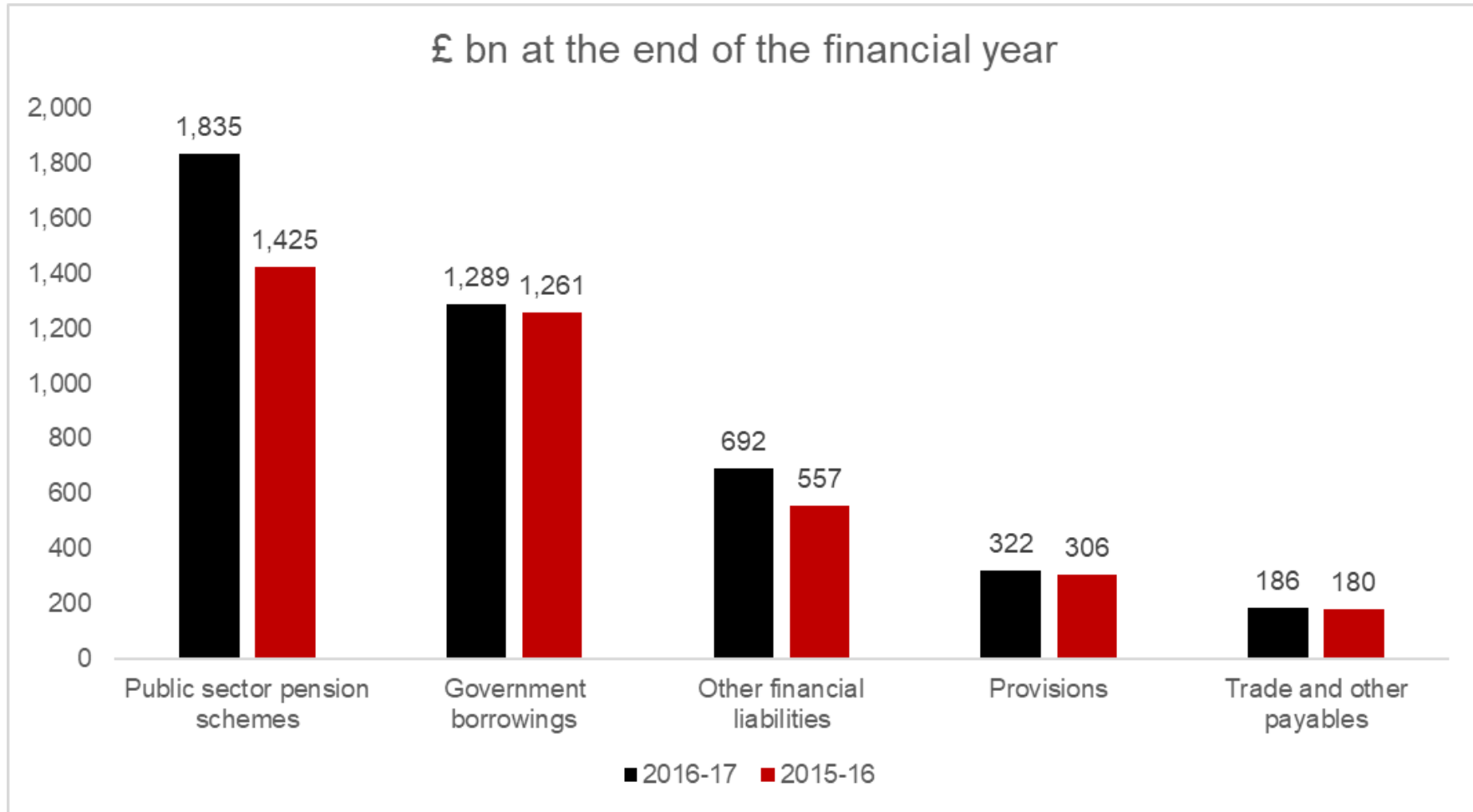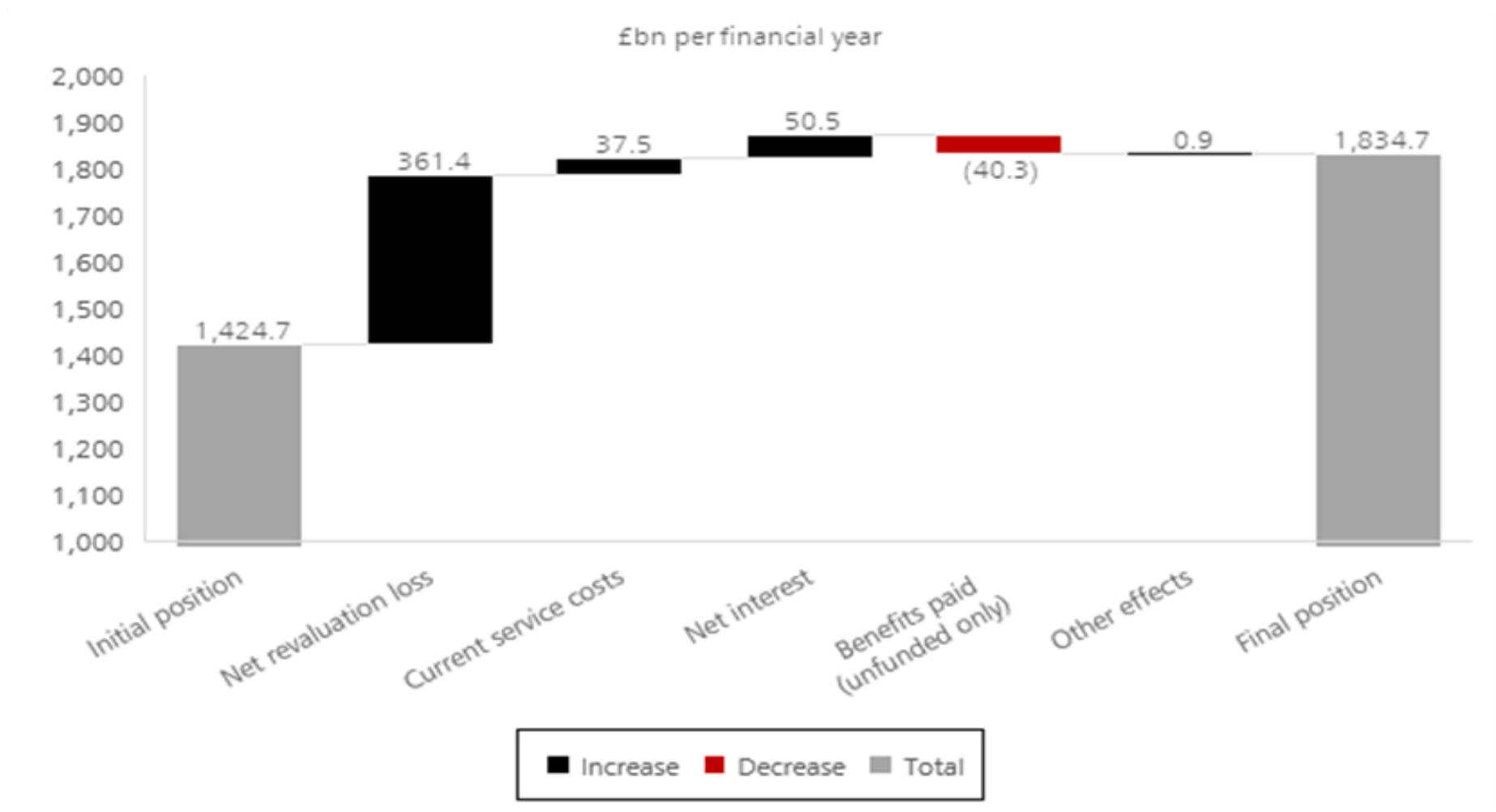|	Department of Health	Department for Education/Academies	Ministry of Defence	Other central government and public corporations	Local government
2016-17	43	46	32	58	241
2015-16	44	44	32	56	229

4. Liabilities

- Main area of movement for WGA

- An area where WGA adds value

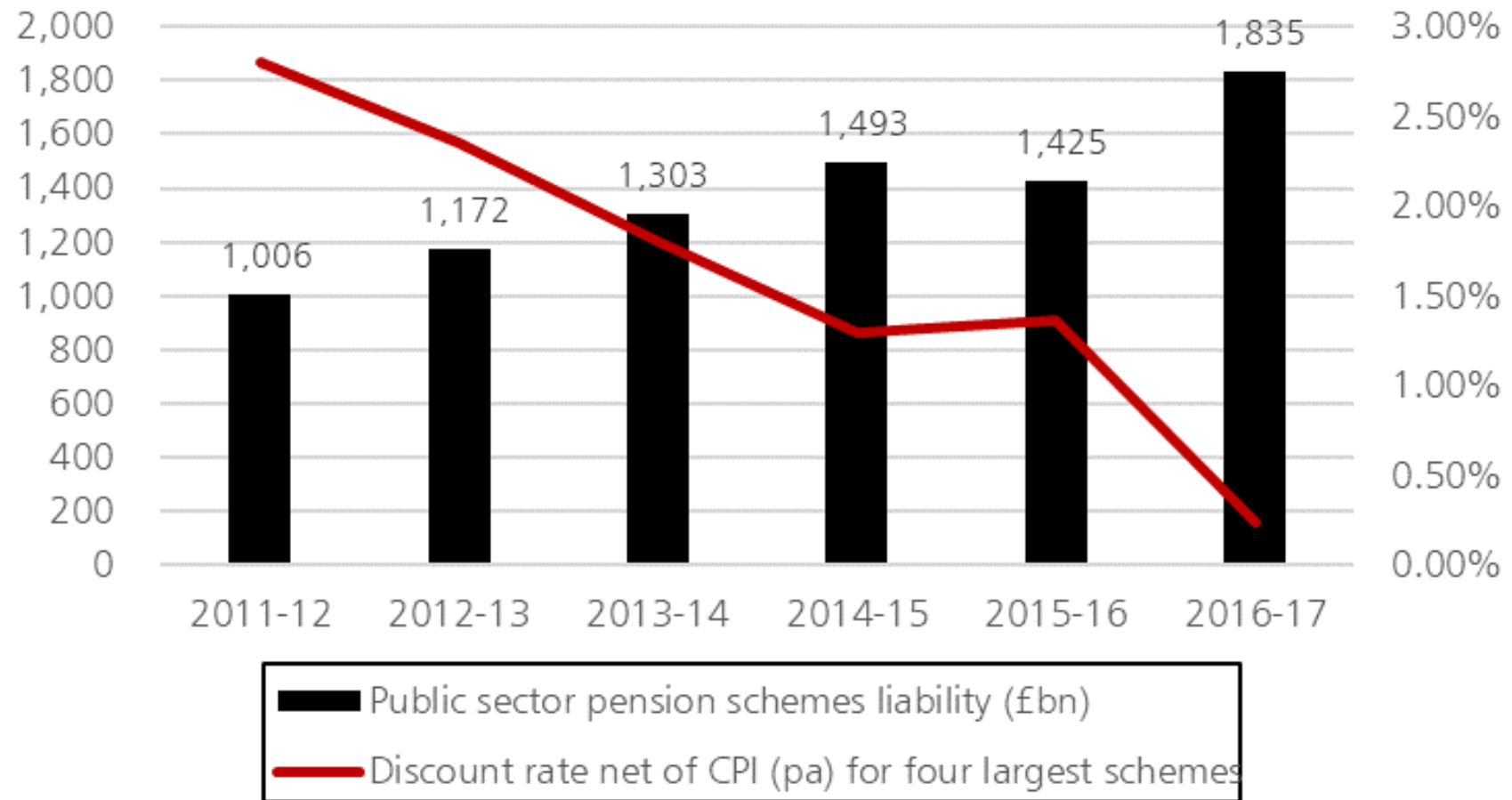- Pension liabilities changed largely due to change in discount rate
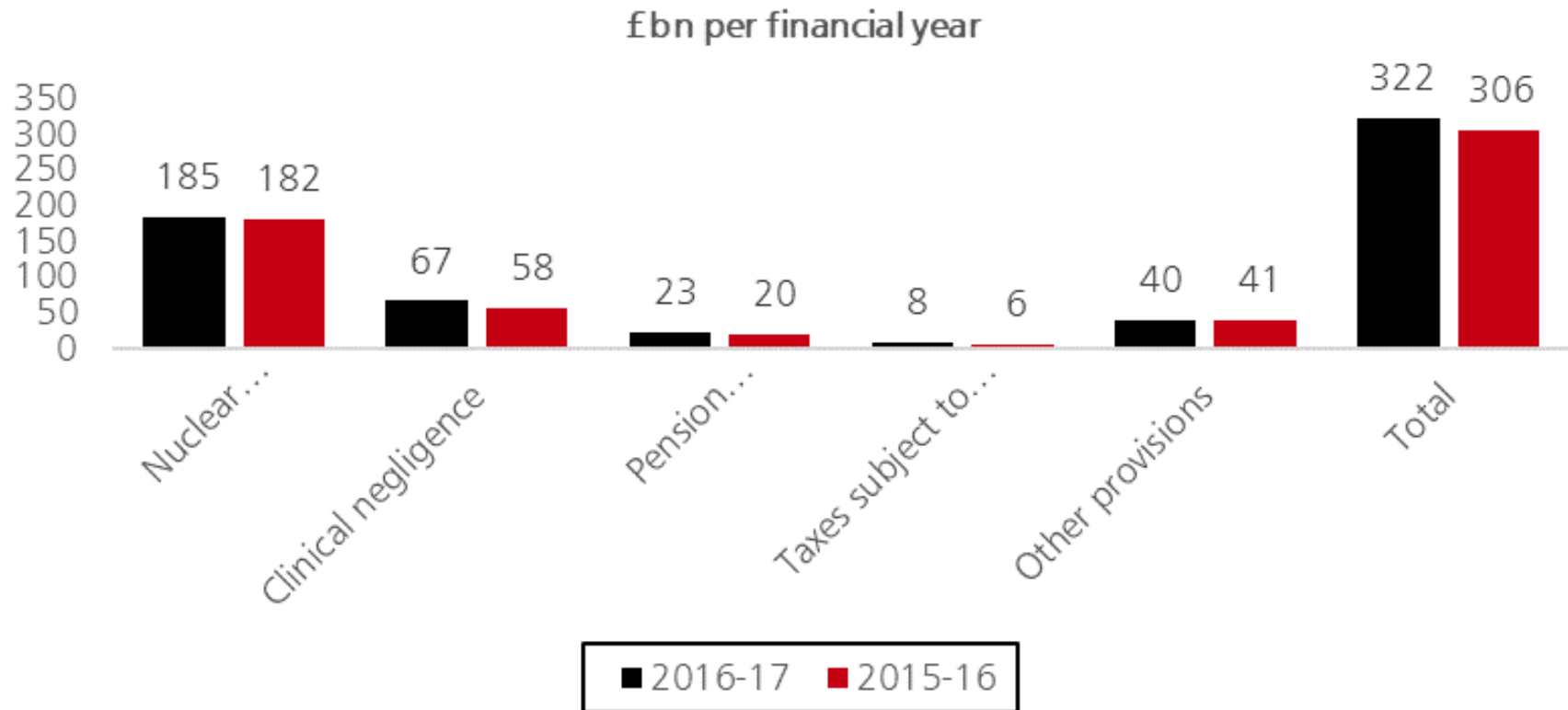
4. What liabilities does government have?

£ bn at the end of the financial year

- Public sector pension schemes: 1,835 (2016-17), 1,425 (2015-16)
- Government borrowings: 1,289 (2016-17), 1,261 (2015-16)
- Other financial liabilities: 692 (2016-17), 557 (2015-16)
- Provisions: 322 (2016-17), 306 (2015-16)
- Trade and other payables: 186 (2016-17), 180 (2015-16)

■ 2016-17 ■ 2015-16

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4a. Pensions

£bn per financial year

4a. Pensions – discount rate trend

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4b. Provisions

£ bn per financial year

	Nuclear...	Clinical negligence	Pension...	Taxes subject to...	Other provisions	Total
2016-17	185	67	23	8	40	322
2015-16	182	58	20	6	41	306

■ 2016-17   ■ 2015-16

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5. Quantifiable contingent liabilities

£bn per financial year
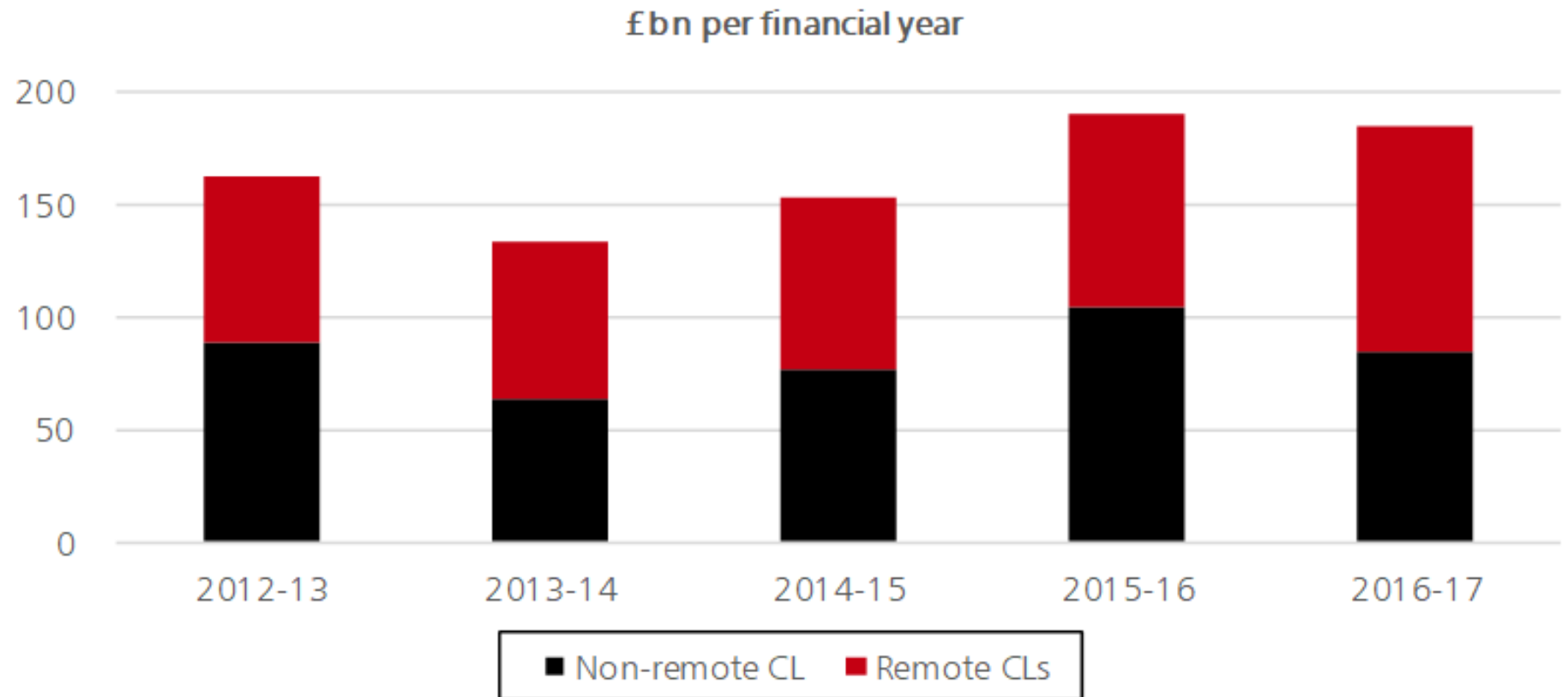
6. Brexit disclosures

Box 1.A: EU Withdrawal: the financial settlement

The UK formally notified the EU of its intention to leave the Union by triggering Article 50 on 29 March 2017. The terms on which the UK will leave, including any financial settlement payable by the UK, will be determined by the withdrawal agreement under Article 50 and become binding when ratified. The negotiations are ongoing.

On 8 December 2017, the UK and EU negotiators published a Joint Report on progress during the first phase of the negotiations. The report covered the components of the financial settlement and the principles for their valuation. On 19 March 2018, the UK and EU negotiators published a draft withdrawal agreement, which translated the Joint Report into a draft legal text. A definitive value on the financial settlement in relation to the UK's withdrawal from the EU will by its nature be dependent on future uncertain events. In January 2018, the Chancellor of Exchequer wrote to the Treasury Select Committee to set out the details of the agreement in the Joint Report. This sets out a reasonable central estimate of the settlement of £35-39bn (€40-45bn). On 20 April 2018, the National Audit Office published a report on the financial settlement. The NAO's report reached a conclusion on the reasonableness of this estimate and identified issues for the Treasury to consider in managing the risks attached to the settlement.