



HM Treasury

Whole of Government Accounts summary

Presentation to FRAB 13th June 2019

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Structure of presentation

- Key highlights from WGA 2017-18
- Reflection and progress on the WGA
- What is ahead for WGA?
- Questions

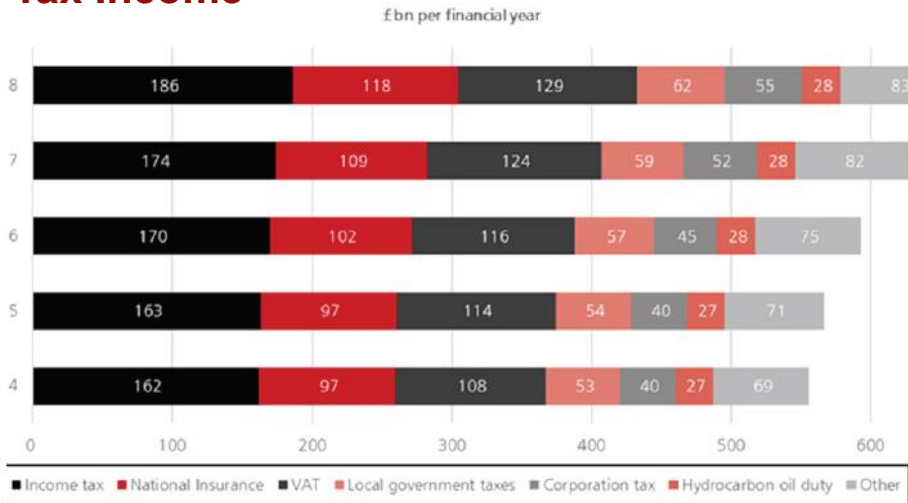
Key highlights from WGA 2017-18

High level movements between 2016-17 and 2017-18

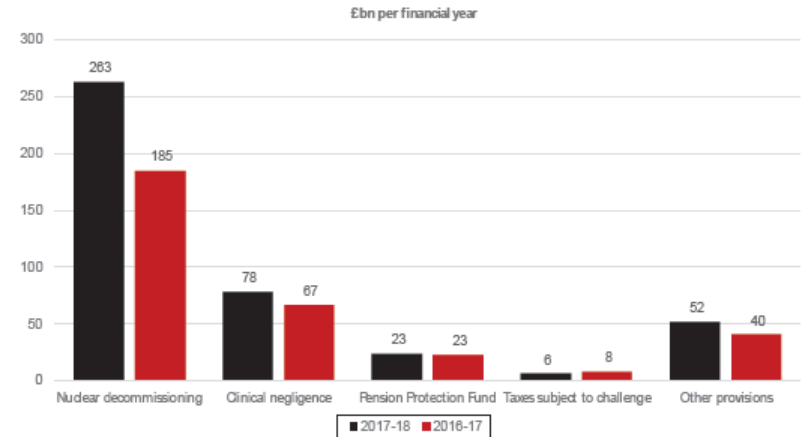
	2017-18	2016-17	Change	Change	Key drivers
	£bn	£bn	%	£bn	
Total Income	(760.9)	(720.8)	6%	40.1	Tax Income
Total Expenditure	814.8	760.7	7%	54.1	Academies & current service costs
Finance Costs & Other	158.5	57.9	174%	100.6	Provision discount rate £94 bn
Net Expenditure	212.4	97.8	117%	114.6	
Total Assets	2,013.8	1903.0	6%	110.8	PPE and TFS (c £50 bn each)
Total Liabilities	(4,579.2)	(4,323.7)	6%	255.5	Provisions (£100 bn) borrowings
Net Liabilities	(2,565.4)	(2,420.7)	6%	144.7	

Key highlights from WGA 2017-18

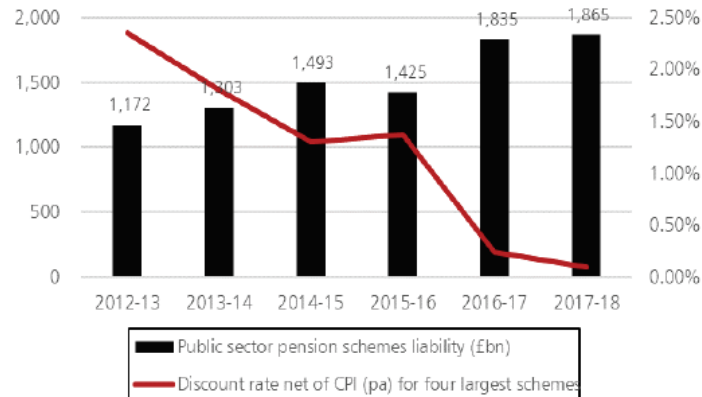
Tax Income



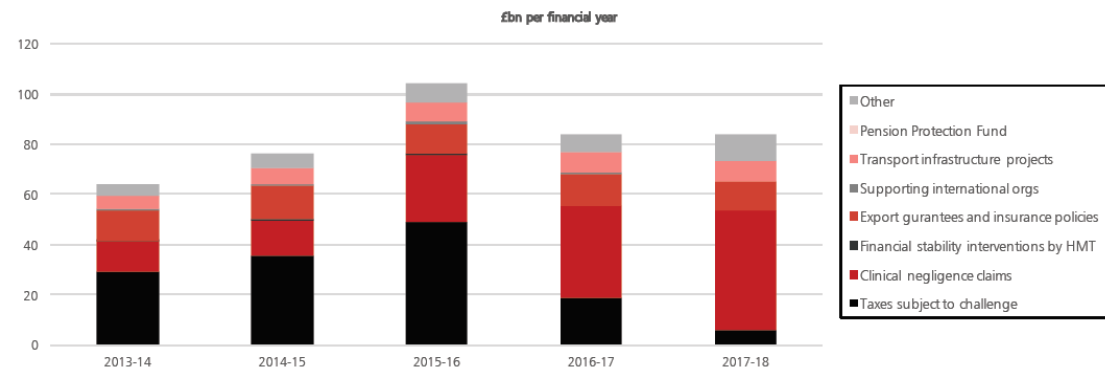
Provisions



Public Sector Pension Schemes



Non-remote contingent liabilities



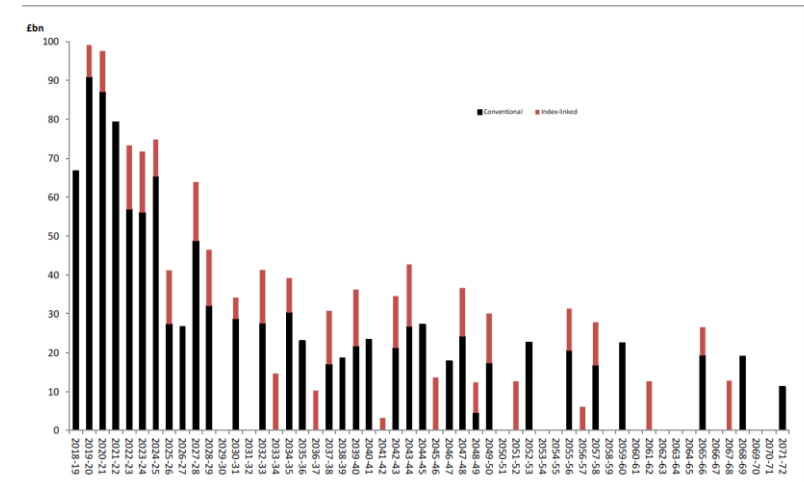
Key highlights from WGA 2017-18

Table 1.C: Maturity profile of liabilities

Liability	Within one year (£ bn)	After one year (£ bn)	Comment on maturity profile
Payables			
Imputed finance lease element of on-balance sheet PFI contracts	1.6	37.4	PFI contracts are long term projects that involve payments every year. The balance sheet element recorded here reflects the capital financing of the PFI Asset. The Infrastructure and Projects Authority publishes data on existing PFI contracts ¹ , which includes future payments to be made. According to this data, the final year of payments will be 2049-2050.
Trade and other payables	42.4	9.6	Trade and other payables are generally short term liabilities, with the largest single element being HMRC payables. These figures will fluctuate depending on underlying business activity.
Obligations under finance leases	0.3	4.5	This represents the obligation to pay for assets purchased under finance leases. The largest element of the non-current balance relates to MOD. This relates to a leasing arrangement for the provision of homes for service personnel and their families. This contract has over 175 years left to run. This lease is valued at £1.7 billion.
Other payables, accruals and deferred income	82.5	12.7	Accruals, deferred income and other payables are generally short term liabilities, relating to underlying purchases of goods and services.
Borrowings			

More information on maturity profiles for liabilities

Chart 1.N: Maturity profile of gilts as at December 2018



Source: DMO

Chart 1.R: Nuclear decommissioning provision: expenditure profile for future years on NDA provision

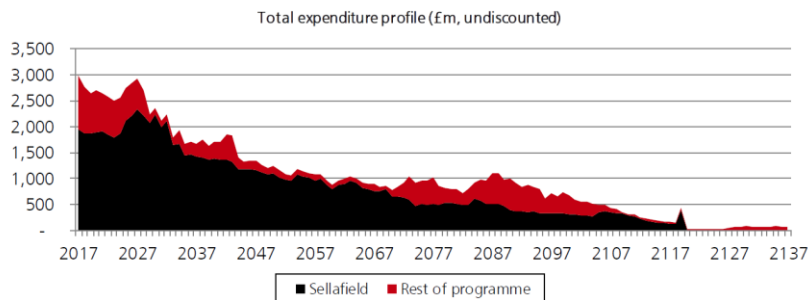
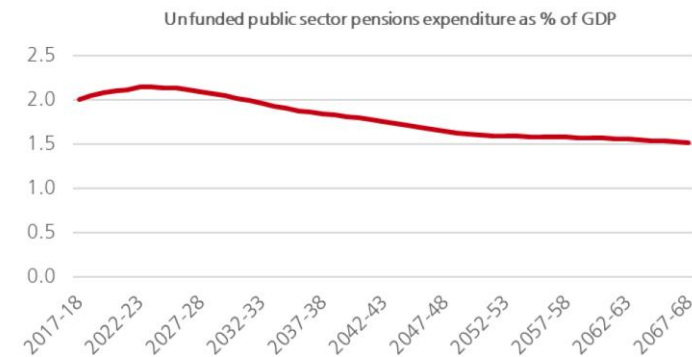


Chart 1.L: Unfunded public sector pensions expenditure as a percentage of GDP



Source: OBR Fiscal Sustainability Report, Supplementary Data⁶

Reflection and progress on the WGA

Preparing the Whole of Government Accounts:

- Resources & Timeliness
- Presentation of accounts
- Lessons learnt in preparing WGA
- Utilisation of WGA
- Audit/ Qualifications

Reflection and progress on the WGA

Resources and timeliness

- Staffing
- Data submissions
- Data quality
- Faster publication

Reflection and progress on the WGA

Presentation of accounts

Financial year	2013-14	2014-15	2015-16	2016-17	2017-18
Number of pages	227	213	144	179	238

- New Performance and analysis format
- Incorporating findings of Balance Sheet Review on fiscal risk
- Additional analysis on key areas
- Analysis of longer-term trends
- EU related transactions information

Reflection and progress on the WGA

Lessons learnt in preparing WGA

- Working around the restrictions
- Moving parts of the process forward
- Utilising skills from other teams
- Changes to the process

Reflection and progress on the WGA

Utilisation of WGA

- Balance sheet review
- Office for Budget Responsibility
- NAO publications
- CIPFA publication

Reflection and progress on the WGA

Audit/ Qualifications

Grouping	Qualification	2009-2010	2010-11	2011-2012	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	1 Accounting Boundary									
	2 Inconsistent accounting policies									
	2 Inconsistent accounting policies: Local Authority infrastructure assets									
	3 Elimination of intragroup transaction and balances									
	4 Accounting for 3G and 4G licences									
	5 Underlying bodies: MoD leases									
	5 Underlying bodies: MoD inventory									
	5 Underlying bodies: civil superannuation benefits									
	5 Underlying bodies: DfE consolidation of academies - diff year ends									
	5 Underlying bodies: academies land and buildings									
	7 Completeness and valuation of school assets									
	8 DfE -non-conteminous year ends									
	Total qualifications in each year	5	6	6	6	6	4	4	4	4



What is ahead for WGA?

- IFRS changes
- Implementation of Oscar 2 – impact on 2019-20 WGA
- Implementation of the findings from the Balance Sheet Review
- Work with Department for Education
- Year on year improvement in Overview and performance analysis section
- Greater use to enhance decision making

What is ahead for WGA?

IFRS changes:

2018-19

- IFRS 9 Financial instruments
- IFRS 15 Revenue recognition

Future years

- IFRS 16 Leases
- IFRS 17 Insurance contracts

What is ahead for WGA?

Oscar 2 implementation

- Due for 2019-20
- Main changes for components
- Better quality data first time

Implementation of findings from the Balance Sheet Review

- Launched Autumn Budget 2017
- Retirement of Private Finance initiative
- New Asset Sales Disclosure Guidance
- More thought on expertise and capability when measuring our assets and liabilities
- Geo-spatial Digital National Asset register in the pipeline

Any Questions?