
Chair of the UK Statistics Authority, Sir Andrew Dilnot CBE

Bernard Jenkin MP
House of Commons
London
SW1A 0AA

24 March 2016

Dear Bernard,

Thank you for your letter of 10 March in which you highlighted differing sources of data regarding the United Kingdom's net contributions to the European Union.

The UK Statistics Authority continues to work to ensure that official statistics provide a firm evidence base for decision-making both inside and outside of government.

I have asked the Deputy National Statistician for Economic Statistics, Jonathan Athrow to reply regarding the sources that you have provided and I attach to this letter his response which I hope you will find helpful.

Yours sincerely,



Sir Andrew Dilnot CBE

24 March 2016

Dear Sir Andrew,

You passed me correspondence from Bernard Jenkin MP dated 10 March, and asked for my comments on the issues raised in the letter. These are set out below.

The letter highlights a number of different sources of information on the UK's financial contribution to the EU, and asks for a view on the different sources.

ONS and HM Treasury statistics on the UK's contribution to the EU

Table 9.9 of the Pink Book¹ sets down the ONS's figures on the UK's official transactions with the EU. It is the ONS's best view of the UK's official payments to and receipts from the EU. Pink Book 2015 shows in 2014, the latest published year, a net position of -£9.872 billion. The figures for the years 2010 to 2014 are shown in Annex A of this note, and the full detail is shown in Annex B.

The Treasury figure for 2014, as set out in "European Union Finances 2015: statement on the 2015 EU Budget and measures to counter fraud and financial mismanagement"², is a net contribution of £9.785 billion. The detail of this calculation is set out in Table C.3 of that Treasury document.

The ONS figure and the Treasury figure are closely related. They use essentially the same data, but there are some timing and presentational differences. The ONS figures are presented on an accruals basis, while the Treasury present figures on a cash basis. This can lead to differences in particular years when payments are made around the turn of the year. This particularly affects Customs Duties, the Sugar Levy and Gross National Income (GNI) based contributions. This gives rise to relatively small differences between the two figures.

Also, while there is no effect on the net position, there is a presentational difference for the UK charge for collecting duties and levies. ONS include this charge as an export of services on the credits side of Table 9.9 which is then netted out from the Customs duties on the debits side. The Treasury (in Table C.3 of the Treasury document) net this charge out from Customs Duties and do not show the charge separately. This accounts for the majority of the difference between the respective Customs duties figures.

¹ http://www.ons.gov.uk/file?uri=/economy/nationalaccounts/balanceofpayments/compendium/unitedkingdombalanceofpaymentsthepinkbook/2015-10-30/unitedkingdombalanceofpaymentsthepinkbook/pinkbook2015chapter9_tcm77-422053.xls

² <https://www.gov.uk/government/statistics/european-union-finances-2015>

The information set down in table 9.2 of the Pink Book on the current account position does not give a full picture of the UK's position with respect to the EU. Table 9.2 refers readers to table 9.9 for a complete picture. We would therefore discourage users from using the figures in table 9.2 as a reflection of the UK's contribution to the EU. Table 9.9 is based on payments information, while 9.2 apportions the UK's current account position among the rest of the world using some modelled estimates.

The ONS has not yet published figures for 2015. HM Treasury has, however, published a forecast of £8.473 billion for 2015 in Table C.3 of its European Union Finances 2015 document. This figure has, as we understand it, been rounded to £8.5 billion by Full Fact and the House of Commons library.

I hope this explains how the ONS and HM Treasury figures are related. Let me now turn to some of the other data sources mentioned.

Other figures on the UK's contribution to the EU

The InFacts figure takes the £8.5bn Treasury figure as its starting point and then makes two adjustments to arrive at the figure of £6.3 billion. Those two adjustments are:

- £1.4 billion as an estimate to account for payments made by the EU directly to non-public sector organisations. The Treasury document explains that this includes payments made for research activities. The Pink Book table 9.9 and HM Treasury figures only include payments made directly to public sector organisations although the ultimate destination of some payments is the private sector; and
- £0.8 billion for EU spending that counts towards the UK's Official Development Assistance target. The Pink Book table 9.9 and HM Treasury figures do not separately identify spending that counts as ODA.

As Mr Jenkin's letter notes, the question of whether those two adjustments should be made depends on the question that is being asked and the counterfactual assumed. The ONS and HM Treasury figures show the net position of the UK's official transactions with the EU. This is different from asking the question of what the net effect on the Exchequer would be if the UK no longer made contributions to or received payments from the EU. In that case, one would need to assume a counterfactual on a number of issues including the two noted in the InFacts article, namely whether the UK Government would make payments to the non-public sector bodies and maintain ODA spending in lieu of the EU payments.

The final figures the letter mentions are those in the National Audit Office briefing for the Committee on Public Accounts. The figures here, showing a net contribution of £5.7 billion in 2014, are based on European Commission published figures. The ONS does not have detailed knowledge of these figures. Nonetheless, the Treasury has published an explanation of how they differ from the numbers published by the ONS and Treasury. A reconciliation of the figures for 2013 can be found in Annex B of the Treasury document "European Union Finances 2015", mentioned above. It appears there are two main sources of difference:

- The European Commission figures include payments made directly to non-public sector bodies; and
- A different approach to when payments are recorded, with the European Commission figures including adjustments to budgets being moved between years.

Among the points Mr Jenkin's letter raises is private sector contributions to the EU budget. To clarify the position, Customs Duties and similar payments are paid by the private sector and are already included in the ONS and HM Treasury figures.

Plans to publish new information

Finally, Mr Jenkin's office has subsequently asked our plans for publishing new figures. The 2016 Pink book will be published on 29 July containing the ONS's most complete picture of the UK's official transactions with the EU. We do, however, publish other information which is of relevance. The quarterly release "Balance of payments for the UK: Oct to Dec and annual 2015" due on 31 March will include some information on the UK's official transactions with the EU. However, the information in the quarterly release is approximate and does not give the same level of detail on UK transactions with the EU as provided in Pink Book table 9.9.

I hope this is helpful and would be happy to discuss this further.



Jonathan Athow

Deputy National Statistician and Director General, Economic Statistics | Office for National Statistics

Annex A: UK official transactions with institutions of the EU

£ million

	2010	2011	2012	2013	2014
Credits (payments to the UK)	8774	8532	7905	8106	9235
Debits (payments from the UK)	15999	16075	16441	19377	19107
UK net position with EU institutions	-7225	-7543	-8536	-11271	-9872

Note: A negative balance means the UK pays more to the EU than it receives.

Source: Pink Book 2015, table 9.9

Annex B: Detailed table UK official transactions with institutions of the EU

9.9 UK official transactions with institutions of the EU

		£ million										
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Credits												
Exports of services												
UK charge for collecting duties and levies(net) ¹	QWUE	543	565	583	603	660	661	737	735	724	731	741
Other primary income and secondary income												
Other sectors												
Agricultural Guarantee Fund ²	EBGL	3447	3408	3221	2952	3051	3411	3059	3166	2625	2455	2309
European Social Fund	HDIZ	433	900	1305	795	608	609	642	388	585	247	221
European Coal & Steel Community Grant	FJKP	2	-	-	-	-	-	-	-	-	-	-
Central government												
Fontainebleau abatement	FKKL	3592	3655	3570	3523	4862	5392	3046	3144	3110	3675	4416
Other EU receipts	GCSG	134	104	112	207	98	92	93	77	132	81	70
Capital transfers												
Other sectors												
Agricultural Fund for Regional Development ³	FJXL	49	80	50	150	417	215	439	419	291	620	341
European Regional Development Fund	HBZA	1062	1402	618	707	972	640	758	603	438	297	1137
Other capital transfers from EU Institutions ²	EBGO	-	-	-	-	-	-	-	-	-	-	-
Total credits	GCSL	9262	10114	9459	8937	10668	11020	8774	8532	7905	8106	9235
Debits												
Other primary income and secondary income												
Other sectors												
Customs duties and agricultural levies ⁴	FJWD	2145	2237	2329	2412	2636	2645	2933	2925	2885	2914	2949
Sugar levies ⁴	GTBA	25	24	-	-	-	-	12	12	13	12	11
European Coal & Steel Community production levy ⁴	GTBB	-	-	-	-	-	-	-	-	-	-	-
Central government												
VAT based contribution ⁵	HCML	1764	1980	2165	2293	2255	1733	2172	2173	2279	2344	2388
VAT adjustment ⁵	FSVL	25	19	2	26	15	-140	81	24	3	-190	-
GNI own resource ⁶	HCSO	7565	8597	8358	7996	8628	10692	10718	10946	11401	13531	12084
GNI adjustments ⁶	HCSM	-16	135	163	327	-205	-137	101	12	-101	781	1678
Total GNI based fourth own resource contribution	M9LL	7549	8732	8521	8323	8423	10555	10819	10958	11300	14312	13762
Inter-government agreements	HCBW	-	-	-	-	-	-	-	-	-	-	-
EU non-budget (miscellaneous)	HRTM	-	-	-	-	-	-	-	-	-	-	-
Other secondary income to EU institutions	GVEG	-3	106	8	6	5	-14	-18	-17	-39	-15	-3
Total debits	GCSM	11505	13098	13025	13060	13334	14779	15999	16075	16441	19377	19107
Balance (UK net position with EU institutions)⁷	BLZS	-2243	-2984	-3566	-4123	-2666	-3759	-7225	-7543	-8536	-11271	-9872

1 Before 1989 this is netted off the VAT contribution but cannot be identified separately.

2 Other capital transfers from EU institutions are included indistinguishably with Agricultural Guarantee Fund receipts before 1996.

3 Up to 2006 this series includes the European Agricultural Guidance Fund.

4 Also known as EU traditional own resource.

5 Also known as third own resource contribution.

6 Previously known as GNP fourth own resource contribution.

7 A negative balance means the UK pays more to the EU than it receives.