

21 December 2010

Further information on asset sales, financial transactions, and privatisation receipts.

The following table provides further information on sales of fixed assets, which were netted off within the sectoral forecasts for gross domestic fixed capital formation in Table 1.12 of the Fiscal Supplementary Tables (available on the OBR website) to the November *Economic and fiscal outlook*.

	£ billion						
	Outturn	Forecast					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales of fixed assets							
Central government ¹	0.7	1.6	-	-	-	-	-
Local authorities	1.1	1.5	1.7	2.0	2.1	2.2	2.3
Housing Revenue Account ²	0.5	0.6	0.7	0.8	1.0	1.1	1.2
Total sales of fixed assets	2.3	3.7	-	-	-	-	-

¹ Detailed breakdowns of departments spending plans for 2011-12 onwards are not available yet. Therefore, in Table 1.12 of the Fiscal Supplementary tables, central government gross domestic fixed capital formation (GDFCF) was forecast net of asset sales, and no forecast is available yet for central government sales of fixed assets. This net forecast was produced using modelling assumptions that were described in paragraph 4.82 of the *Economic and fiscal outlook*.

² Capital transactions by local authorities' Housing Revenue Accounts are classified as Public Corporations in the National Accounts, and so are shown separately

Table 5.22 of the November *Economic and fiscal outlook* contained the following information on financial transactions:

Table 5.22: Reconciliation of PSNB and CGNCR

	£ billion						
	Outturn	Forecasts					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public sector net borrowing	156.0	148.5	117	91	60	35	18
Financial transactions	33.2*	5.4	6	7	9	11	12
Accruals adjustments	14.3*	-4.5	3	-1	4	-4	-6
Public sector net cash requirement	203.5*	149.4	127	97	73	42	25
<i>minus</i> Local authorities net cash requirement	5.0	6.1	5	3	1	1	0
<i>minus</i> Public corporations net cash requirement	0.8	2.9	5	6	5	6	2
Central government net cash requirement (o)	197.7	140.4	117	88	67	35	23
Net lending within the public sector	1.1	3.9	3	3	3	3	3
Central government net cash requirement	198.8	144.2	120	91	70	39	27

Note: Totals may not sum due to rounding. Own account measures are represented by (o).

* OBR estimate in absence of published outturn

The OBR's approach to forecasting financial transactions is set out in paragraph 4.129 of the OBR November *Economic and fiscal outlook*. This explains that the forecast only includes specific financial transactions where firm plans for such transactions are in place, and where enough is known about the size and timing of the transaction for the effects to be quantified.

The following table provides a further breakdown of the forecast for financial transactions given in Table 5.22 above:

	2010-11	2011-12	2012-13	2013-14	2014-15	£ billion 2015-16
Financial transactions	5.4	5.9	7.0	9.0	11.1	12.4
<i>of which:</i>						
Net lending to private sector and abroad	4.8	5.0	6.2	8.1	10.2	11.6
Cash expenditure on company securities	1.1	1.0	1.0	1.1	1.1	1.0
Misc Financial transactions	-0.5	-0.1	-0.2	-0.2	-0.2	-0.2

The OBR forecast of financial transactions uses the classification system underlying the Public Sector Finances statistics produced by the Office for National Statistics. Within these classifications, privatisation proceeds would typically be included within the category 'net cash expenditure on company securities'.

The OBR's November forecast for net cash expenditure on company securities consisted entirely of net lending overseas by the Department for International Development. It did not include any sales of company securities for 2010-11 onwards, because no firm and quantifiable announcements of sales of company securities had been made at the time of the November forecast.

The forecast for 2010-11 included £2bn from the sale of the operating lease for High Speed One, which has been included in the forecast as a pre-payment on a lease rather than a sale of company securities. The cash received is therefore included in the accruals adjustment line in Table 5.22. There are no other such transactions included in the forecast.