

Environmental Accounts in the United Kingdom - progress report for 6th meeting of the London Group

The UK Environmental Accounts are now an established part of the standard National Accounts, having been incorporated into this year's National Accounts annual publication which was published in August. The information in the accounts builds upon the analyses set out in the UK Environmental Accounts book published in May 1998. More detailed information will be made available through the ONS website <http://www.ons.gov.uk/data/ea/ea1.htm>.

The accounts so far produced include:

- **sub soil asset accounts** for oil and gas. Information is available on the physical balance sheets up to the end of 1998. Estimates of the value of the reserves and the costs of depletion in 1993 were published last year and recent work on updating and improving these estimates, taking into account information on the probability of extracting the reserves, the expected future extraction path and the expected decommissioning costs, will be published as an occasional paper in the near future. The UK has no immediate plans to produce resource accounts for other sub-soil assets, or for renewable resources;
- **land accounts** for land cover, for 1984 to 1990. Results from a new survey of land cover (the Countryside Survey 2000) will become available next year and will be incorporated into the environmental accounts in due course;
- **energy accounts** for the years 1990 to 1997, showing the direct consumption of energy by industrial sector and, separately, showing consumption with electricity generation transformation and distribution overheads and road transport fuel consumption allocated out to final consumers. The accounts identify separately consumption of energy from renewable resources. The ONS is currently working on improving the consistency of these estimates with the data underlying the atmospheric emissions accounts;
- **atmospheric emissions accounts** for 1990 to 1997, covering all the main pollutants and environmental themes. The accounts allocate emissions from road transport out to final consumers and cover emissions from marine and air bunkers. The detailed results, for 91 industrial sectors, are being used in a number of projects, most notably in the assessment of the impact of a new energy tax - the Climate Change Levy - which is being introduced in the UK, in a project aimed at estimating the level of emissions attributable to production of goods for import into the UK, and in the development of "industrial profiles" for use as benchmarks in businesses' environmental reports. At the moment the estimates are being reworked on the basis of more detailed information about the processes used to generate air emissions;

- an illustrative **water account** for 1993, which set out the framework for the accounts and identified the areas where data sources needed to be improved. The main emphasis is now on obtaining better information about industrial discharges of pollutants to Sewage Treatment Works and also on the levels of discharges direct to surface water bodies. The work carried out so far has been useful as background information to the assessment of the impact of possible water pollution charges in the UK;
- preliminary work on a **material flows account**, covering imports and exports of raw and semi-processed goods (up to 1997) and disposals and stocks of radioactive waste (up to 1998). The UK intends to develop more complete accounts during 2000, building upon a recent survey of waste arisings by industrial sector in 1998, an analysis of the use by industries of mineral aggregates extracted in 1997, the energy, air, water and sub-soil asset accounts already developed and data on hazardous waste arisings;
- an account of **environmental taxes** for 1990 to 1998, including an analysis of the incidence of taxes on hydrocarbon oils by industrial sector for 1990 to 1994. The next step is to update and extend this analysis to cover other environmental taxes, using data from the energy account and the waste survey;
- **environmental protection expenditure accounts** for certain manufacturing industries for the years 1994 and 1997. These surveys showed the spending by industries broken down by operating and capital costs and by environmental media. It is intended that the survey data will be updated on a regular basis in future. The accounts may be extended to cover a wider range of industrial sectors.

The UK environmental accounts do not contain any assessment of **the costs of environmental degradation**, ie of changes in the value of environmental assets or services provided by the environment. A wide range of analyses has been completed over the last few years by, or on behalf of, UK Government Departments, for example on the health and other costs of air pollution, the costs of water pollution and the external costs of noise. It is intended that a review of progress in valuing environmental pollution will be carried out in 2000.

The development of environmental accounts is independent of, but complementary to, the specification of **sustainable development indicators**. In the UK the Government published in May 1999 a sustainable development strategy which incorporates 15 headline indicators and about 150 detailed indicators covering a wide range of social and environmental issues. A baseline assessment of each indicator, providing a benchmark against which future progress can be measured, will be published in the near future. Some of the indicators concern environmental issues which are covered by environmental accounts and it will be important to ensure consistency between the two sets of data in the future.

Office for National Statistics

London

United Kingdom

November 1999