Office for National Statistics

Article

Recent and upcoming changes to public sector finance statistics: May 2024

Includes information on upcoming developments to the public sector finance statistics, and classification announcements.

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1 . Overview

This article increases transparency around our current methodology work, the implementation of classification decisions into the public sector, and provides impacts on the public sector aggregates. The need for statistics to keep pace with the evolving economy prompts most methodological changes to the public sector finances (PSF) statistics. These changes bring PSF statistics closer in line with government's true fiscal exposure, as measured by the fiscal aggregates, such as public sector net borrowing (PSNB), or public sector net debt (PSND).

For more information about future developments in public sector finance statistics, see our [Looking ahead – developments in public sector finance statistics: 2023 article](#).

2 . Changes in June 2024 and beyond

In accordance with our transparency strategy, and to provide predictability to users, we aim to package together methodological changes at a single point in the year, where possible. Where this is not possible, we aim to implement developments at the earliest opportunity to ensure the public sector finances (PSF) continue to reflect the best available estimates.

In this section, we provide information on the changes implemented in the PSF statistics in June 2024 and discuss further changes to our statistics and article presentation planned for the next 12 months.

In June 2024, we implemented the classification decision for Pool Reinsurance (Nuclear) Limited (Ltd) into PSF. Impacts of this change on the fiscal aggregates are discussed below.

In the next 12 months, we expect to implement further classification decisions and statistical developments into PSF. This includes implementing the classification decisions for Bulb Energy Ltd in Special Administration, Octopus Energy Operations Ltd, and Octopus Energy Retail Ltd. Additionally, we expect to implement improvements to the compilation of central government interest payable and incorporate detailed information on gilt liabilities. For more detail on these developments, see Section 2 of our [Looking ahead – developments in the public sector finance statistics: 2023 article](#). We will provide further information and provisional impacts of these changes in future editions of this article.

We aim to implement our annual data updates, such as Network Rail and student loans from September onwards. Further information will be available in a future edition of this article.

Pool Reinsurance (Nuclear) Ltd.

This month, we have implemented the classification of Pool Reinsurance (Nuclear) Ltd (Pool Re Nuclear) into the PSF.

Pool Re Nuclear is a reinsurance company which covers insurance companies against losses as a result of damage to, or destruction of, property either by fire or explosion, or both, where the proximate cause is an act of terrorism on insured nuclear sites registered in Great Britain.

In June 2023, we reviewed the sector classification status of Pool Re Nuclear, concluding that Pool Re Nuclear should be classified to the central government subsector (S.1311) with effect from 24 July 1995, the date it was established. This decision was based on the limited range of Pool Re Nuclear's activities, and evidence that Pool Re Nuclear does not act like a commercial organisation. This evidence includes the substantial degree of government influence and constraints over Pool Re Nuclear's assets and other aspects of its operations. For more information on the classification decision, see Section 3 of our Economic statistics sector classification – classification update and forward work plan: June 2023 article.

One feature of Pool Re Nuclear is the retrocession agreement it has with HM Treasury (HMT). Under the agreement, Pool Re Nuclear can call upon government funding if its own resources are not enough to meet extraordinary claims. In return, it pays HMT an annual premium. The payments to HMT under the retrocession agreement have not previously been recorded as revenue for the public sector.

Following implementation of the classification of Pool Re Nuclear, they are now being recorded as payments by Pool Re Nuclear to HMT. As both the payer and the recipient are classified in the central government subsector (S.1311), this flow will be consolidated, leading to no impact at the central government or public sector level. To date, no claims have been made by Pool Re Nuclear's policyholders.

The implementation of the classification of Pool Re Nuclear has affected the PSF statistics from the financial year ending (FYE) March 1996 onwards. While data for FYE March 1996 to FYE March 2022 is outturn data derived from published accounts, data from FYE March 2023 is forecast data, and likely to change when updated outturn data becomes available.

The implementation of Pool Re Nuclear has led to small decreases in public sector current budget deficit (PSCBD) of up to £4 million per financial year over the period FYE March 1996 to date, with an equal effect on public sector net borrowing (PSNB) from FYE March 1996 to FYE March 2022. Our forecasts for FYE March 2023 show this change having no effect on PSCBD and PSNB. This is because of drops in gross written premiums in the most recent outturn data. We are not expecting this change to affect public sector net investment (PSNI) in any period.

The implementation of the classification of Pool Re Nuclear has caused a small decrease in public sector net debt (PSND) in all periods, up to a maximum of £1 million per financial year over the period FYE March 1996 to date. The change has also caused a small decrease in public sector net financial liabilities (PSNFL) in all periods, up to a maximum of £33 million at any given point within the period FYE March 1996 to date, with an equal and opposite effect on public sector net worth (PSNW).

Because of the small size of the impacts of this change, we have not presented an impact table.

Improvements to data for the Bank of England

In September 2021, we improved our processing of data for the Banking and Issue Department of the Bank of England to provide greater coverage and accuracy. Improvements included increasing granularity of data used to calculate the public sector finance (PSF) aggregates, fully consolidating the Bank's holdings of UK government debt securities (gilts) and some revisions to the Bank's contribution to public sector net debt (PSND). For more information, see our Recent and upcoming changes to public sector finance statistics: August 2021 article.

In the coming months, we aim to include additional monthly data from the Bank of England which will replace further instances where annual data is used. The more frequent data will be used to provide more precise monthly estimates of the contribution of the Bank of England to the PSF aggregates. For more information on this development, see section 2 of our Looking ahead – developments in public sector finance statistics - Office for National Statistics (ons.gov.uk) article.

Changes to the presentation of this article

For the next edition, to be released on 19 July 2024, we are combining this article series with our Economic statistics sector classification – classification update and forward work plan article series. The merged series will be named "Economic statistics classifications and developments in public sector finances".

If you have feedback or questions about this planned change, please contact us by email at public.sector. inquiries@ons.gov.uk.

Further information on this change is also available in Section 1 of our Economic statistics sector classification – classification update and forward work plan: May 2024 article.

3 . Items under review

Common user charge

The Department for Environment, Food and Rural affairs (DEFRA) announced the introduction of the common user charge, effective from 30 April 2024. The charge is applied to commercial movements of animal products, plants and plant products through the port of Dover or the Eurotunnel. This applies to imports into, as well as transits entering and leaving, Great Britain. For more information on this charge, see DEFRA's Common user charge: rates and eligibility article on GOV.UK.

The common user charge is not currently recorded in the public sector finance (PSF) statistics, and further information will be provided in a future article as it becomes available.

Infected blood compensation scheme

On 21 May 2024, the UK government announced details of the compensation scheme for victims of infected blood. We are considering the statistical classification of these payments and the impact they will have on the public sector finance statistics. For more information see the policy paper published by the Infected Blood Compensation Authority on GOV.UK.

4 . Classification announcements

Organisations and institutional units

The following bodies were classified to the central government subsector (S.1311) in May 2024:

- Integrated Care Boards in England, with effect from 1 July 2022

The following bodies were classified as disbanded or deleted entities in May 2024:

- Clinical Commissioning Groups, with effect from 1 July 2022

For more information on the classification decisions, see Section 3 of our Economic statistics sector classification – classification update and forward work plan: May 2024 article.

For more information on what these classifications mean (including the full European System of Accounts 2010 publication), see the publication details of the European system of accounts – ESA 2010 on the Eurostat website.

5 . Related links

[Public sector finances, UK](#)
Bulletin | Released monthly
How the relationship between UK public sector monthly income and expenditure leads to changes in deficit and debt.

[Looking ahead – developments in public sector finance statistics: 2023](#)
Article | Released 21 December 2023
What the Office for National Statistics sees as areas for future development in the public sector finance statistics.

[Public sector classification guide and forward work plan](#)
Methodology | Released 31 May 2024
The forward work plan sets out the organisations and transactions that we expect to assess and classify in the next 12 to 18 months.

6 . Cite this article

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