

Article

# Economic statistics classifications and developments in public sector finances: June 2024

Includes the latest economic statistics classification updates, and information on future developments in public sector finance statistics

Contact:  
Public Sector Analysis and  
Projects team , Economic  
Statistics Classifications team  
[public.sector.inquiries@ons.gov.uk](mailto:public.sector.inquiries@ons.gov.uk),  
econstats.  
[classifications@ons.gov.uk](mailto:classifications@ons.gov.uk)  
+44 1633 456402 , +44 1633  
456763

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# 1 . Overview

This article is the first of a new release which combines our [Recent and upcoming changes to public sector finance statistics article](#) with our [Economic statistics sector classification – classification update and forward work plan article](#). This new combined article will provide a summary of the most recent economic statistics classification decisions, as well as transparency around our current methodology work to public sector finances (PSF) statistics, including the implementation of classification decisions into PSF.

As a result, the publication of these separate articles has now been discontinued, and the information will now be provided in this new Economic statistics classifications and developments in public sector finances article. Links to the final release of both previous articles are provided in [Section 5: Related links](#).

Most methodological changes to the PSF statistics are prompted by the need to keep pace with the evolving economy, including the need to properly reflect classification decisions. 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). Where necessary, this article will outline the impact that our methodological changes have on PSF statistics. For more information about future developments, see our [Looking ahead - developments in public sector finance statistics: 2023 article](#).

Classification decisions facilitate the allocation of UK organisations to sectors of the UK economy based on their characteristics. These decisions are informed by the application of international statistical guidance contained within the [United Nations System of National Accounts \(SNA\) 2008](#), the [European System of Accounts \(ESA\) 2010](#) and the accompanying [Manual on Government Deficit and Debt \(MGDD\) 2022](#). More information on classification decisions can be found in our public sector classification guide.

The guide enables the identification of those bodies classified to the public sector to inform the public sector boundary in the UK national accounts. The guide also includes other classification decisions, including transactions and schemes. Information on the organisations and transactions we expect to assess and classify in the next 12 to 18 months can be found in our forward work plan. For more information see our [Public sector classification guide and forward work plan](#).

## 2 . Economic statistics classification announcements

A summary of the most recent classification decisions can be found later in this release. For more information on classification decisions, see our [Public sector classification guide \(698.0 KB XLSX\)](#). Classification decisions are implemented in the Office for National Statistics (ONS) statistics at the earliest opportunity using sound methodology. All practical considerations are taken into account, including resource availability within wider prioritisation.

### Statistical classification to the public sector article

Our [Statistical classification to the public sector article](#) was published on 8 July 2024. This article explains why entities are classified to the public sector, and the concept of public sector control and how this differs from the notion of independence.

### Organisations – institutional units

In July 2024, the following organisations were classified:

- Press Recognition Panel, to the central government subsector with effect from 3 November 2014
- TransPennine Trains Limited, to the public non-financial corporations subsector with effect from 28 May 2023
- UK Dementia Research Institute Limited, to the non-profit institution serving households sector from 7 November 2017 to 31 March 2022 inclusive, and to the central government subsector with effect from 1 April 2022

## Transactions and schemes

The following transactions were classified in July 2024:

- Press Recognition Panel regulators' fees, as payments for non-market output with effect from 3 November 2017
- Contracts for Difference (CfD) Electricity Supplier Obligation Levies

The payments associated with the Contracts for Difference (CfD) mechanism operating in Great Britain are managed by the Low Carbon Contracts Company (LCCC), which is classified to the central government subsector (S.1311). The following payments were classified with effect from 1 August 2014 as follows:

- CfD levy on electricity suppliers, which includes payments from electricity suppliers to the LCCC for interim rate payments, quarterly contributions, reserve payments and reconciliation payments, as other taxes on production
- CfD reconciliation payments (from the LCCC to electricity suppliers), as negative other taxes on production
- CfD payments from the LCCC to low carbon electricity generators when the wholesale price for electricity generated is lower than the agreed strike price, as subsidies on product
- CfD payments from low carbon electricity generators to the LCCC when the wholesale price for electricity generated is higher than the strike price, as taxes on products

For more detailed information on all these classification decisions, please see the "Information" section for the relevant entries in our public sector classification guide by filtering on the "Date Classified" column and selecting "July 2024".

## Forward work plan

The [Forward work plan \(43.6 KB XLSX\)](#) contains information on the organisations and transactions we expect to assess and classify in the next 12 to 18 months, as changing priorities allow, but does not contain everything that may be classified.

On 24 May 2024, the UK government at that time, [announced](#) that the Victims and Prisoners Bill was granted Royal Assent, creating a new arm's length body called the Infected Blood Compensation Authority (IBCA). Therefore, the IBCA and associated schemes, have been added to the forward work plan this month. A further addition is the new Bank of England Levy, which was introduced on 1 March 2024.

The Press Recognition Panel, TransPennine Express and the UK Dementia Research Institute Limited have been removed from the forward work plan following their classification this month. The planned assessment of Great British Nuclear has also been removed, while we await further information on new energy developments.

For more information on our classification process, as well as our forward work plan and PSCG, see our [Economic statistics classifications web page](#).

If you have any queries about the classification decisions or the classifications process, please contact the Economic Statistics Classifications team by emailing [econstats.classifications@ons.gov.uk](mailto:econstats.classifications@ons.gov.uk) or telephoning +44 1633 456763.

## 3 . Improvements and data updates in public sector finances statistics

## Changes in June 2024

In June 2024, we implemented the classification decision of Pool Reinsurance (Nuclear) Limited in the public sector finances. Further information on this change, including the impact on the fiscal aggregates, can be found in our [Recent and upcoming changes to public sector finance statistics: May 2024 article](#).

### Upcoming changes

In the next 12 months, we expect to implement further classification decisions and statistical developments into public sector finances (PSF). This includes implementing the classification decisions for Bulb Energy Ltd in Special Administration, Octopus Energy Operations Limited, and Octopus Energy Retail Limited announced in August 2023. Additionally, we expect to implement improvements to the data and compilation of central government interest, and improvements to data for the Bank of England. We also plan to incorporate detailed information on gilt liabilities. Information on some of these changes is provided later in this article.

### Improvements to the compilation of central government interest

In the coming months we expect to implement improvements to the compilation of central government interest payable and, more broadly, the interest flows between the subsectors of the public sector and private sector.

Central government interest expenditure includes interest payable on financial instruments which mainly comprises interest payable on government debt securities, known as gilts (short for "gilt-edged securities"). However, interest expenditure also includes interest on other liabilities of government, such as loans, bills, and bonds.

These central government liabilities can be assets held by either the public sector or the private sector, therefore, there may also be revisions to the interest flows recorded between these subsectors, as well as to the value of central government interest payable to the private sector.

### 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 of England'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 are used. Additionally, we expect to make improvements to both the recording of flows between the Banking and Issue department and the Asset Purchase Facility (which make up the Bank of England subsector), and flows to other subsectors of the public sector.

Improved recording of interactions between subsectors and utilising more frequent data will provide more precise monthly estimates of the contributions of the Bank of England to the PSF aggregates.

For further information on the developments presented in this section, 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.

## 4 . Review of emerging issues in the economy

## 2024 general election

On 4 July 2024, the UK general election was held, with the results giving the Labour party a mandate to form a government and implement policies detailed in the [Labour Party's 2024 manifesto](#).

On 17 July 2024, [the King's Speech 2024](#) outlined the government's legislative plans. This included a number of policies such as the establishment of a number of new bodies, plans to bring train operators into public ownership, and greater devolution of decision making to metro mayors and combined authorities. We will evaluate the impact that these policies will have on the public sector finances as they are taken forward, and more detail becomes available.

## Repayment of government support by Octopus Energy Operations Limited

On 29 October 2022, the UK government approved an agreement between the special administrators of Bulb Energy Ltd (Bulb SAR) and Octopus Energy Limited (Octopus) for Octopus to acquire all of Bulb's customers. For more information, see [the Department for Business, Energy and Industrial Strategy's \(BEIS's\) press release on GOV.UK](#). As part of this agreement, Octopus Energy Operations Limited (HiveCo) was created to hold the customer accounts, assets, liabilities, functions, and licences of Bulb SAR that were transferred.

As a further part of this agreement, the department for Business, Energy and Industrial Strategy (replaced by the Department for Energy Security and Net Zero) provided £1.8 billion of funding to HiveCo, through Bulb, with an expectation that it would be paid back through a Wholesale Adjustment Mechanism Agreement (WAMA) by September 2024.

This funding was reviewed by the economic statistics classification committee, who concluded that funding from Bulb to HiveCo should be classified as long-term loans (F.42) where there is an interest payment associated and as other capital transfers (D.99) where funding provided does not bear interest nor a sufficient rate of return. Payments from HiveCo to Bulb SAR surplus to the value of the funding originally provided to HiveCo, should be classified as other capital transfers (D.99) from HiveCo to Bulb SAR. For further information on this classification decision, see [Section 3 of our Economic statistics sector classification – classification update and forward work plan: August 2023 article](#).

As both Bulb SAR and HiveCo are classified within the public sector, the expenditure and receipts will be offset, leading to no impact at the public sector level. However, as the payment is from a public corporation to a central government body, the payments will affect our statistics for these subsectors.

We are currently working to implement the August 2023 classification of Bulb SAR, HiveCo and BidCo, and more information will be provided in this article at the earliest opportunity.

## NatWest shareholding offer

On [31 May 2024 NatWest Group plc announced an agreement for the purchase of £1.2 billion of ordinary shares from HM Treasury](#), further reducing the government's shareholdings. This was announced in the [Autumn Statement 2023](#), as part of the previous UK government's intention to exit its shareholdings of NatWest Group plc by the financial year ending 2026. We are currently considering the impact of this reduction in the government's shareholdings and will provide more information in the coming months.

For any queries about the items discussed in Section 3 and Section 4 of this article, please contact public sector inquiries by emailing [public.sector.inquiries@ons.gov.uk](mailto:public.sector.inquiries@ons.gov.uk) or telephoning +44 1329 447544.

## 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 19 July 2024

The Public sector classification guide sets out a list of bodies that have been classified by the Office for National Statistics (ONS) as public sector bodies within the National Accounts. The Forward work plan sets out the organisations and transactions that the ONS expects to assess and classify in the next 12 to 18 months.

### [Recent and upcoming changes to public sector finance statistics: May 2024](#)

Article | Released 21 June 2024

The final issue of our recent and upcoming changes to public sector finance statistics article before it was combined with the economic statistics sector classification – classification update and forward work plan article to form this article.

### [Economic statistics sector classification – classification update and forward work plan: June 2024](#)

Article | released 28 June 2024

The final issue of our economic statistics sector classification – classification update and forward work plan article before it was combined with the recent and upcoming changes to public sector finance statistics article to form this article.

## 6 . Cite this article

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