Article

Economic statistics classifications and developments in public sector finances: July 2024

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

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1 . Overview

This article is the second edition 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 provides a summary of the most recent economic statistics classification decisions, as well as transparency around our current methodology work to public sector finance (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 article, Economic statistics classifications and developments in public sector finances. Links to the final release of both previous articles, which were published in June 2024, 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](#), along with the [European System of Accounts (ESA) 2010](#) and the accompanying [Manual on Government Deficit and Debt (MGDD) 2022](#) where useful and appropriate. 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 (681.0 KB XLSX)](#). Classification decisions are implemented in accredited official 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.

Office for Statistics Regulation report

As part of its [Spotlight on Quality: Assuring Confidence in Economic Statistics programme](#), the Office for Statistics Regulation (OSR) published its review into the classifications process on 23 July 2024, titled [Ensuring confidence in the economic statistics classifications process](#).

In the letter from Ed Humpherson (Director General for Regulation, OSR) to Mike Keoghan (Deputy National Statistician, ONS), this [review identified six requirements](#) to ensure that the classifications process continues to build on existing good work, and also continues to deliver good quality decisions. The ONS welcomes this review, and aims to publish a plan, by October 2024, which describes how these requirements will be addressed.

Organisations - institutional units

NatWest Group plc

NatWest Group plc (public limited company), formerly known as The Royal Bank of Scotland (RBS) Group plc, was reclassified as a public financial corporation on 13 October 2008. This reclassification followed the UK government's acquisition of voting rights in the RBS Group plc, which it obtained following the UK government's recapitalisation of the group.

On 1 June 2024, the UK government's ownership of voting rights in the NatWest Group plc fell below 25%, and following a classification review, it is no longer considered to be under public sector control. Therefore, NatWest Group plc and its subsidiaries were reclassified in August 2024.

NatWest Group plc was reclassified from the public to the private other financial intermediaries, except insurance corporations and pension funds subsector, with effect from 1 June 2024.

The following organisations were reclassified from the public to private sector, with effect from 1 June 2024, unless otherwise stated:

- Adam and Company plc, which was sold to an unrelated private sector company, with effect from 1 October 2021

- Coutts & Co

- National Westminster Bank plc

- The Royal Bank of Scotland plc

- Ulster Bank Limited

The following organisations were reclassified from the public sector to the foreign controlled sector, with effect from 1 June 2024:

- ABN Amro Bank NV

- Ulster Bank Ireland Limited

Priority Sites Limited was reclassified from the public sector to the private non-financial corporation subsector, with effect from 1 June 2024.

We are aiming to reflect this classification change in the public sector finances at the earliest opportunity.

A media statement outlining the above reclassification decisions can be found in Section 5: Related links.

Ministerial department name change

During a statement to the House of Commons, the Prime Minister announced that the Department for Levelling Up, Housing and Communities has been renamed to the Ministry of Housing, Communities and Local Government from 10 July 2024. This is a name change only.

Transactions and schemes

There were no transactions or schemes classified in August 2024.

Forward work plan

The [Forward work plan (42.9 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.

For more information on our classification process, as well as our forward work plan and public sector classification guide (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 or telephoning +44 1633 456763.

3 . Improvements and data updates in public sector finances statistics

This section provides information on the changes and data updates we expect to implement into the public sector finance (PSF) statistics in September 2024. In the next 12 months, we also expect to implement further classification decisions and statistical improvements. 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 data for the Bank of England. For more information, see our [Economic statistics classification and developments in public sector finances: June 2024 article](#).

Upcoming changes for September 2024

Improvements to the compilation of central government interest

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 in September 2024. Our objective is to undertake a thorough review of source data and compilation methods. This is to ensure all information is accurately captured and any adjustments are justified and clearly applied.

Central government interest expenditure includes interest payable on financial instruments, which mainly comprises interest payable on UK government debt securities, known as gilts. Interest expenditure also includes interest on other financial liabilities of government, such as loans and Treasury bills.

These central government liabilities are assets held either by the public sector or by the private sector. This means there will be revisions to the interest flows recorded within the public sector, and revisions to the interest flows recorded between the public sector and the private sector.

The provisional impacts of this improvement on the fiscal aggregates are presented in Table 1. As this change relates only to the flow of interest and not the associated stock of the liabilities, there will be no revisions to our balance sheet statistics: public sector net debt, public sector net financial liabilities and public sector net worth.

Table 1: Provisional impacts of the improvements to the compilation of central government debt interest (to be introduced in September 2024) on the latest estimates of the headline fiscal aggregates, UK

Financial year (£ billion)	PSCBD ex	PSNI ex	PSNB ex	PSND ex	PSNFL ex	PSNW ex
1997 to 1998	-0.2	0	-0.2	N/a	N/a	N/a
1998 to 1999	-0.3	0	-0.3	N/a	N/a	N/a
1999 to 2000	-0.3	0	-0.3	N/a	N/a	N/a
2000 to 2001	-0.2	0	-0.2	N/a	N/a	N/a
2001 to 2002	-0.2	0	-0.2	N/a	N/a	N/a
2002 to 2003	-0.3	0	-0.3	N/a	N/a	N/a
2003 to 2004	-0.3	0	-0.3	N/a	N/a	N/a
2004 to 2005	-0.3	0	-0.3	N/a	N/a	N/a
2005 to 2006	-0.5	0	-0.5	N/a	N/a	N/a
2006 to 2007	-0.4	0	-0.4	N/a	N/a	N/a
2007 to 2008	-0.3	0	-0.3	N/a	N/a	N/a
2008 to 2009	-0.8	0	-0.8	N/a	N/a	N/a
2009 to 2010	-0.4	0	-0.4	N/a	N/a	N/a
2010 to 2011	-0.5	0	-0.5	N/a	N/a	N/a
2011 to 2012	-0.6	0	-0.6	N/a	N/a	N/a
2012 to 2013	-0.7	0	-0.7	N/a	N/a	N/a
2013 to 2014	-0.7	0	-0.7	N/a	N/a	N/a
2014 to 2015	-0.8	0	-0.8	N/a	N/a	N/a
2015 to 2016	-0.6	0	-0.6	N/a	N/a	N/a
2016 to 2017	-0.5	0	-0.5	N/a	N/a	N/a
2017 to 2018	-0.5	0	-0.5	N/a	N/a	N/a
2018 to 2019	-0.7	0	-0.7	N/a	N/a	N/a
2019 to 2020	0.1	0	0.1	N/a	N/a	N/a
2020 to 2021	-0.1	0	-0.1	N/a	N/a	N/a
2021 to 2022	-2.5	0	-2.5	N/a	N/a	N/a
2022 to 2023	-1	0	-1	N/a	N/a	N/a
2023 to 2024	2.7	0	2.7	N/a	N/a	N/a

Source: Public sector finances from the Office for National Statistics

Notes

1. "PSCBD ex" represents public sector current budget deficit excluding public sector banks.

2. "PSNI ex" represents public sector net investment excluding public sector banks.

3. "PSNB ex" represents public sector net borrowing excluding public sector banks.

4. "PSND ex" represents public sector net debt excluding public sector banks.

5. "PSNFL ex" represents public sector net financial liabilities excluding public sector banks.

6. "PSNW ex" represents public sector net worth excluding public sector banks.

In each financial year, the overall impact is generally because of a combination of small improvements rather than one main change.

The implementation of these improvements is expected to revise our estimates of public sector net borrowing (PSNB) from financial year end (FYE) March 1997 onwards. The scale of the revisions varies across the data time series. The direction of the revisions is to reduce PSNB up to and including FYE March 2019. In more recent years, the impact is more noticeable and variable as interest becomes a more substantial component.

In FYE March 2022, PSNB is expected to decrease by £2.5 billion because of improved methods used to compile central government interest paid to the private sector.

In contrast to most years, in FYE March 2024 the expected impact is to increase, rather than decrease, PSNB by £2.7 billion. The impact in this year is because of a combination of factors including improved recording of interest flows to and from the Bank of England, and incorporating more frequent data for these interest flows.

The impacts on public sector current budget deficit (PSCBD) and public sector net borrowing (PSNB) are equal by definition because interest payable and interest receivable is part of current expenditure and receipts.

Other upcoming data updates

We will implement some regular annual data updates in September 2024 to incorporate the latest available data. This includes data updates for student loans, national non-domestic rates, public corporations' data based on the Whole of Government Accounts, Pool Reinsurance (Nuclear) Limited, Network Rail and the Bank of England. We expect to make further regular annual data updates in the subsequent months.

4 . Review of emerging issues in the economy

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 Special Administration Regime (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 licenses of Bulb SAR that were transferred.

As a further part of this agreement, the then 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 with the funding, 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 which are 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.

Data for currency and deposits for both the public corporations and central government subsectors are provided by the Bank of England. Therefore, the relevant flows between these units are already reflected in our data for public sector currency and deposits, effective from the 20 December 2022, the date from which these classifications apply.

In the coming months, we expect to complete the implementation of the August 2023 classification of Bulb SAR, HiveCo and Octopus Energy Retail 2022 Limited (BidCo). Further information will be provided in a future edition of this article.

For any queries about the information discussed in Section 3: Improvements and data updates in public sector finances statistics and Section 4: Review of emerging issues in the economy of this article, please contact public sector inquiries by emailing 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 21 August 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.

[Statistical classification to the public sector](#)
Article | Released 8 July 2024
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.

[Taxes and fees for sales of service: how they differ and why it is important](#)
Article | Released 31 May 2019
Defines and explains the main characteristics that lead to the classification of a transaction as a tax or a fee in the national accounts and public sector finances, and describes the effect that these classifications can have on economic indicators and the operation of government.

[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.

[Classification review of the NatWest Group plc and its subsidiaries](#)
Media statement | released 21 August 2024
 Media statement containing the ONS's classification review of the NatWest Group plc and its subsidiaries.

6 . Cite this article

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