

Article

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

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

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# 1 . Overview

This article provides a summary of the most recent economic statistics classification decisions and provides transparency around our current methodology work to public sector finance (PSF) statistics, including the implementation of classification decisions into the public sector finances.

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 align PSF statistics more closely 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 the Office for Statistics Regulation's (OSR's) [Spotlight on Quality: Assuring Confidence in Economic Statistics programme](#), the review into the classifications process, titled [Ensuring confidence in the economic statistics classifications process](#), was published on 23 July 2024.

In the letter from Ed Humpherson (Director General for Regulation, OSR) to Mike Keoghan (Deputy National Statistician, Office for National Statistics (ONS)), the review on Ensuring confidence in the economic statistics classifications process 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 welcomed this review and will publish a high-level plan on 25 October 2024 describing how these requirements will be addressed.

### Organisations – institutional units

The following organisations have been classified to the central government subsector in October 2024:

- the Independent Reporting Commission (IRC) with effect from 8 August 2017; the IRC was established jointly by the UK and Irish governments to promote progress towards ending paramilitary activity connected with Northern Ireland
- Research Data Scotland, with effect from 8 October 2020

## Crown Commercial Service

On 1 April 2014, the Crown Commercial Service (CCS) replaced the Government Procurement Service as a result of the [Buying Agency Trading Fund \(Amendment\) Order 2014 \(S.I. 2014/561\)](#).

Following a classification review, CCS has been classified to the public non-financial corporations subsector with effect from 1 April 2014.

The replaced Government Procurement Service has been listed as a Disbanded or Deleted Entity in the public sector classification guide, with effect from 1 April 2014.

## Transactions and schemes

CCS charges suppliers a levy based on the value of sales the suppliers achieve through CCS's commercial agreements. The CCS levy has been classified as a payment for market output, paid by suppliers in the national private non-financial corporations subsector and in the foreign controlled non-financial corporations subsector, to the public non-financial corporations subsector, with effect from 1 April 2014.

## 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. However, it 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, see our [Economic statistics classifications web page](#).

Please email the Economic Statistics Classifications team at [econstats.classifications@ons.gov.uk](mailto:econstats.classifications@ons.gov.uk) with any queries about the classification decisions or the classifications process.

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

This section provides information on the changes and data updates we aim to implement by December 2024. Last month we implemented improvements to the compilation of central government interest, as well as some of our regular annual data updates. For more information on these updates, see our previous article [Economic statistics classifications and developments in public sector finances: August 2024](#).

## Upcoming changes to public sector finance statistics

### 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 December 2024, we aim to include additional monthly data from the Bank of England, which will replace further instances where annual data are used. These more frequent data will be used to provide more precise monthly estimates of the contribution made by 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 article](#).

## **Bulb Energy Limited, Octopus Energy Operations Limited and Octopus Energy Retail Limited**

On 29 October 2022, the UK government approved an agreement between Bulb Energy Limited in Special Administration Regime (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 (previously called the Department for Business, Energy and Industrial Strategy) [press release](#) on GOV.UK.

Following an energy transfer scheme (ETS), two new entities were created, Octopus Energy Operations Limited (HiveCo) and Octopus Energy Retail 2022 Limited (BidCo). HiveCo is a new ringfenced entity, where most of the assets, liabilities, functions, and licenses of Bulb SAR have been transferred. BidCo is the new parent of HiveCo, and was established to acquire shares in HiveCo from Bulb SAR.

In August 2023, a classifications assessment concluded that Bulb SAR has been reclassified from the public non-financial corporations subsector (S.11001) to the central government subsector (S.1311). Its controlling unit is the Department for Energy Security and Net Zero (DESNZ). HiveCo was classified to the public non-financial corporations subsector (S.11001) and BidCo to the public captive financial institutions and money lenders subsector (S.12701). All these classifications are effective from 20 December 2022, the date of the ETS.

As a further part of this agreement, DESNZ 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.

Further to the subsector classification, in August 2023, it was 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](#).

In December 2024, we aim to implement these classification decisions relating to Bulb Energy Limited into PSF statistics. Additional information, including the provisional impacts of these changes, will be available in the next edition of this article.

### **Other data updates**

In September 2024, we implemented some regular annual data updates. This included data updates for student loans, national non-domestic rates, depreciation, Pool Reinsurance (Nuclear) Limited, Network Rail, and the Bank of England. More information on the effects of these changes is available in Appendix L of our [Changes to public sector finance statistics](#). We expect to incorporate further annual data updates in December 2024. More information will be provided in the next edition of this article.

## **4 . Review of emerging issues in the economy**

### **Autumn budget announcement October 2024**

On 30 October 2024, the Chancellor of the Exchequer will present the [2024 Autumn Budget](#) to members of Parliament, outlining the UK government's plans for taxation and public spending. The contents of the Autumn Budget and its potential effects on public sector finances will be discussed in the next edition of this article, to be published 21 November 2024.

For 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, please contact public sector inquiries by email at [public.sector.inquiries@ons.gov.uk](mailto:public.sector.inquiries@ons.gov.uk).

## 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 22 October 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.

## 6 . Cite this article

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