

Article

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

Includes the latest economic statistics classifications updates, information on future changes to the public sector finances and implications of the 2024 Autumn Budget.

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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 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), public sector net debt (PSND), or public sector net financial liabilities (PSNFL). 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 \(717.7 KB XLSX\)](#). Classification decisions are implemented in official statistics at the earliest opportunity using sound methodology. All practical considerations are taken into account, including resource availability within wider prioritisation.

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 published 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 November 2024:

- the Pubs Code Adjudicator, with effect from 21 July 2016
- the Scottish Pubs Code Adjudicator, with effect from 30 April 2024

These organisations were established to regulate the relationship between pub-owning businesses and their tenants, and to enforce the statutory Pubs Code in England and Wales and statutory Scottish Pubs Code.

Transactions and schemes

In November 2024, the ONS classified the payments associated with several road user charging zones within the UK aimed at reducing air pollution.

Clean air zones

The following payments are associated with clean air zones (CAZ) charges across the UK. The classifications of the following transactions are effective from 31 December 2020:

- the CAZ charges paid by non-market bodies (for example households) to the local government subsector, as other current taxes
- the CAZ charges paid by corporations to the local government subsector, as other taxes on production
- the CAZ penalty charges paid to the local government subsector, as other miscellaneous current transfers
- the CAZ local authority transaction charge, paid by the local government subsector to the central government subsector, as payments for market output

Ultra-Low Emission Zone

The following payments are associated with the Ultra-Low Emission Zone (ULEZ) established in London. These classification decisions are effective from 8 April 2019:

- the ULEZ charge paid by non-market bodies (for example households) to the local government subsector, as other current taxes
- the ULEZ charge paid by corporations to the local government subsector, as other taxes on production
- the ULEZ penalty charge paid by non-market bodies (for example households) and corporations to the local government subsector, as other miscellaneous current transfers

Low Emission Zone

The following payments are associated with the Low Emission Zone (LEZ) established in London. These classification decisions are effective from 4 February 2008:

- the LEZ charge paid by non-market bodies (for example households) to the local government subsector, as other current taxes
- the LEZ charge paid by corporations to the local government subsector, as other taxes on production
- the LEZ penalty charge paid by non-market bodies and corporations to the local government subsector, as other miscellaneous current transfers

Congestion Charge

The following payments are associated with the Congestion Charge established in London. These classification decisions are effective from 17 February 2003:

- the Congestion Charge paid by non-market bodies (for example households) to the local government subsector, as other current taxes
- the Congestion Charge paid by corporations to the local government subsector, as other taxes on production
- the Congestion Charge penalty charge paid by non-market bodies and corporations to the local government subsector, as other miscellaneous current transfers

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.

The clean air zones charges have been removed from the forward work plan following their classification this month.

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 with any queries about the classification decisions or the classifications process.

3 . Improvements and data updates in public sector finances statistics

Upcoming changes to public sector finance statistics

Improvements to data for the Bank of England

In December 2024, we expect to implement improvements to data for the Banking and Issue Departments of the Bank of England. These include the use of high-frequency data to provide more precise monthly estimates of the Bank of England's contribution to fiscal statistics.

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

Previously, we mostly used annual source data for these instruments. However, asset balances are subject to large month-on-month movements because of the Bank of England's financial activity. Therefore, we have introduced more precise estimates to inform the monthly profile of the Bank of England's asset holdings. Noting that the Bank of England's financial year ends in February rather than in March (the UK Government's financial year), these changes affect the fiscal aggregates on an annual as well as monthly basis.

The provisional impact of these changes on the fiscal aggregates is presented in Table 1. Note that these provisional impacts may change between now and December 2024, as we complete further work and quality assurance before implementation.

Table 1: Provisional impacts of the improvements to the Bank of England data, to be introduced in December 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
2014 to 2015	0.0	0.0	0.0	-1.4	-1.6	1.6
2015 to 2016	0.0	0.0	0.0	-4.6	-4.8	4.8
2016 to 2017	0.0	0.0	0.0	-1.9	-2.6	2.6
2017 to 2018	0.0	0.0	0.0	1.3	0.0	0.0
2018 to 2019	0.0	0.0	0.0	-1.0	-1.1	1.1
2019 to 2020	0.0	0.0	0.0	18.9	18.7	-18.7
2020 to 2021	0.0	0.0	0.0	2.7	1.4	-1.4
2021 to 2022	0.1	0.0	0.1	-0.7	-0.4	0.4
2022 to 2023	0.0	0.0	0.0	4.8	4.9	-4.9
2023 to 2024	0.1	0.0	0.1	-8.3	-8.6	8.6

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.

We expect this improvement to revise our data for the Bank of England from financial year ending (FYE) March 2015 to the current period. The revisions mainly affect the balance sheet fiscal measures because we have improved the monthly profiling of data on the Bank's balance sheet. This change improves data for both financial assets and liabilities and the component with the largest change is "currency and deposits".

We expect this improvement to cause revisions to our estimates of public sector net debt (PSND) and public sector net financial liabilities (PSNFL). The scale of the revisions varies across the time series. The most noticeable is in FYE March 2020, increasing PSND by £18.9 billion and PSNFL by £18.7 billion. This is mainly because there is a much larger figure for the end of March 2020 for foreign currency deposit liabilities from the high-frequency data source, relative to our original estimate for this month.

In FYE March 2024, we expect this improvement to revise PSND down by £8.3 billions and PSNFL down by £8.6 billion. This is caused by the combination of improvements to data and compilation processes, as well as replacing forecast data with outturn data. The impact on public sector net worth (PSNW) is equal, but the opposite sign to PSNFL for all financial years, as there are no revisions expected to estimates of non-financial assets from these changes. We expect the impact on public sector current budget deficit (PSCBD) to equal that of public sector net borrowing (PSNB) in FYE 2023 and FYE 2024, with both PSCBD and PSNB to revise down by £0.1 billion. In recent years, there have also been small revisions to public sector current budget deficit (PSCBD) and to public sector net borrowing (PSNB). This is a result of improvements to compilation processes and the incorporation of new outturn data for the Bank of England pension scheme.

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

In December 2024, we expect to implement the reclassification of Bulb Energy Limited in Special Administration Regime (Bulb SAR), as well as the classification of Octopus Energy Operations Limited (HiveCo) and Octopus Energy Retail Limited (BidCo) into the public sector finances.

On 29 October 2022, the UK government approved an agreement between Bulb Energy Limited in Special administration (Bulb SAR) and Octopus Energy Limited (Octopus) for Octopus to acquire all of Bulb's customers. For more information, see this [press release from the previous government, published by the Department for Business, Energy and Industrial Strategy \(BEIS\)](#). Please note this department is now called the Department for Energy Security and Net Zero (DESNZ).

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 ringfenced entity where most of the assets, liabilities, functions, and licenses of Bulb SAR were transferred. BidCo is the parent of HiveCo established to acquire shares in HiveCo from Bulb SAR.

In August 2023, Bulb SAR was reclassified from the public non-financial corporations subsector (S.11001) to the central government subsector (S.1311), with its controlling unit, 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 the ETS date, 20 December 2022.

As a further part of this agreement, DESNZ provided £1.8 billion of funding to HiveCo, through Bulb SAR, 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 SAR 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. Further, it was concluded that 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](#).

We expect to implement these classification decisions into the public sector finances in December 2024. The provisional impacts on the fiscal aggregates are presented in Table 2.

The support provided from DESNZ to HiveCo, and the associated repayments are transactions between the public corporations and central government subsectors. As a result, while it will affect our statistics for those subsectors the receipts and expenditures will be consolidated out at the public sector level, leading to this aspect of the reclassification having no impact on the headline fiscal aggregates.

Data for currency and deposits for both central government and the public corporations' subsectors are provided by the Bank of England. The relevant flows for these units were reflected in our data from 20 December 2022, the date from which these classifications apply. Therefore, the impacts presented in Table 2 do not consider data for currency and deposits as these amounts will not change when we implement the classifications next month.

Table 2: Provisional impacts of the implementation of Bulb Energy Limited in special administration (Bulb SAR), Octopus Energy Operations Limited (HiveCo) and Octopus Energy Retail Limited (BidCo), to be introduced in December 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
2021 to 2022	0	0	0	0	0.2	-0.2
2022 to 2023	-1	0	-1	0	0.1	-0.1
2023 to 2024	-1.1	0	-1.1	0	-0.3	0.3

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.

We expect these changes to decrease public sector current budget deficit (PSCBD) by £1.0 billion in the financial year ending (FYE) March 2023 and £1.1 billion in FYE March 2024. This is mainly because of the difference between HiveCo’s output and expenditure in the period, with Bulb SAR and BidCo’s contribution to the impact being relatively small. We are expecting no impact on PSCBD in FYE March 2022 because of this change.

We are expecting these changes to lead to no impact on public sector net investment (PSNI) in any period. Therefore the expected impact on public sector net borrowing (PSNB) is identical to that on PSCBD.

The inclusion of new outturn data is expected to lead to reductions in public sector net worth (PSNW) of £0.2 billion in FYE March 2022 and £0.1 billion in FYE March 2023, with an equal and opposite impact on public sector net financial liabilities (PSNFL). We are expecting these changes to lead to an increase in PSNW of £0.3 billion in FYE March 2024. We are not expecting a material impact on public sector net debt (PSND) in any period.

There is a time lag between the end of the financial year and the publication of annual accounts, which are an important data source for public sector finances. This means that data for all units have been estimated for FYE March 2024 onwards. The data are therefore subject to revisions when more information becomes available, for example, when annual accounts are published.

Other data updates

In December 2024, we expect to implement some annual data updates to incorporate the latest available outturn data in public sector finance statistics. This includes data from the Whole of Government Accounts dataset for the public corporations’ subsector. We are also updating source data for depreciation, and for public private partnerships, as well as making a partial update for public sector-funded pensions.

Public sector funded pensions

In December 2024, we expect to implement a partial data update for public sector funded pensions. This update will incorporate the latest annual data for the Pension Protection Fund (PPF), the National Employment Savings Trust Corporation (NEST), and the Bank of England pension schemes. We will also use the latest survey data to improve our estimate of the assets held by other public sector pension funds, including the Local Government Pension Scheme.

While the update materially improves the accuracy of our estimates, we anticipate further revisions in the future. Most public pension schemes do not produce an actuarial valuation of the pension liabilities annually. Actuarial valuation is a complex process, which many schemes perform once in several years. Until such valuation becomes available, we forecast the pension liability using our present understanding of the economic climate.

The replacement of the modelled estimates with the outturn data is likely to cause retrospective revisions, which may affect the fiscal aggregates in the future. For further information on the methods we use to measure the impact of the pension funds on the fiscal aggregates, please read our [Pensions in the public sector finances: a methodological guide](#).

Following the December 2024 update, we expect public sector net debt (PSND) to be reduced by £7.6 billion in the financial year ending (FYE) March 2024. This revision is largely explained by a material increase in the gilt holdings of the public pension funds compared with the previous years, and our original estimates based on the historic patterns. As this measure only captures public sector liabilities that relate to the private sector and the rest of the world, the consolidation of public sector gilt holdings reduces the PSND estimate. There has also been a general increase in the value of the assets held by the public pension funds relative to our original estimate, which outpaced the increase in the value of the pension liabilities and we expect this to contribute to a reduction in the pension funds' contribution to public sector net financial liabilities (PSNFL) of £5.6 billion in FYE March 2024.

The provisional impacts of this data update on the fiscal aggregates are presented in Table 3. Impacts on the fiscal aggregates are shown for the two financial years ending 2023 and 2024, as there is no new data for the years prior.

Table 3: Provisional impacts of data updates to public sector funded pensions, to be introduced in December 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
2022 to 2023	0.1	0.0	0.1	0.8	-0.1	0.1
2023 to 2024	2.0	0.1	2.1	-7.6	-5.6	3.4

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.

4 . Review of emerging issues in the economy

Autumn budget announcement October 2024

On 30 October 2024, the Chancellor of the Exchequer presented the 2024 Autumn Budget, outlining the UK Government's plans for taxation and public spending. The budget included changes to some existing taxes, benefits, and to a range of other policies. These will be reflected in the public sector finances (PSF) at the earliest opportunity, effective from the dates when the terms apply. Many of these changes will be automatically captured in our data. However, some may require development work to incorporate them into the PSF statistics. We will provide information on such changes or developments in later editions of this article, when further information becomes available.

The UK government announced funding for the infected blood compensation scheme and for the Post Office Horizon redress scheme. Additional funding was also announced to support Ukraine under the G7 Extraordinary Revenue Acceleration Loans scheme. The Office for National Statistics (ONS) will review and formally classify these in due course.

The UK government expects to transfer the investment reserve fund in the Mineworkers' pension scheme to the trustees, which is intended to be paid out as additional pension to its members. We will review the potential impact of this transfer on PSF statistics when further details become available.

The announcement also stated that the UK Infrastructure Bank, currently classified to the central government subsector, is becoming the National Wealth Fund, designed to support investment in the UK's clean energy and growth industries. The ONS will review the sector classification and impact on PSF statistics when more information is available.

In the Autumn Budget, the UK government also announced changes to the fiscal framework by introducing new fiscal rules which reference different statistics to those in previous rules. They include:

- the stability rule, to move the public sector current budget deficit (PSCBD) into balance, so day-to-day spending is met by revenues, and the government will only borrow for investment
- the investment rule, to reduce net financial debt (known as public sector net financial liabilities, PSNFL) as a proportion of gross domestic product (GDP). This rule keeps debt on a sustainable path while allowing the step change needed in investment, by capturing not just the debt that government owes, but also financial assets that are expected to generate future returns

The investment rule uses a broader definition of debt: PSNFL. For more information on how PSNFL compares with public sector net debt, see our [Public sector net financial liabilities \(PSNFL\) methodology](#).

For more information on these policies, and others announced in the 2024 Autumn Statement, see the UK Government's [Autumn Budget 2024 document \(PDF, 1.352KB\)](#).

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](#), please contact public sector inquiries by emailing 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 21 November 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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