Article

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

Includes the latest economic statistics classifications updates, information on 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 align PSF statistics more closely 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 2008 (2008 SNA), along with the European System of Accounts 2010 (ESA 2010) and the accompanying Manual on Government Deficit and Debt 2022 (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 in this release. For more information on classification decisions, see our Public sector classification guide (726.4 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.

There is a high demand for classification assessments, and we progress many active cases at the same time, with new cases often arising. These include confidential assessments of policy proposals developed by the UK government and devolved administrations, as explained in our Classification process methodology.

The Office for National Statistics (ONS) does not announce policy proposal assessments to give policymakers the space to develop policy. As with other classification decisions, when a policy is implemented, it will be classified and published in the public sector classification guide. During 2024, we assessed one policy proposal through the Economic Statistics Classification Committee and provided provisional advice on 17 other proposals.

This month we have made a substantive change to our public sector classification guide, to include an additional tab called "Latest Classification Decisions". This contains details of the classification decisions that have been made this month. Additionally, users can also view classification decisions from a specific month by filtering within the separate "Organisation | Institutional Unit", "Transactions and Schemes" or "Non-institutional Units" tabs, using the "Date Classified" column.

Flintshire Schools, Welsh Government Mutual Investment Model

In December 2024, the ONS completed an assessment of the Flintshire Schools project, designed using the Welsh Government's Mutual Investment Model (MIM). The project includes the building of a new all-through school for children aged 3 to 16 years, in a campus arrangement on the existing Argoed High School site. The contract issued under this MIM project is considered to be a Public-Private Partnership (PPP). The contract for this project was signed on 2 November 2022.

The following organisations created to provide this project have been classified to the foreign controlled captive financial institutions and money lenders subsector, as they are majority-owned by a French company, Meridian Investments II SAS:

- Flintshire Schools Holdings Limited, with effect from its incorporation on 11 July 2022

- Flintshire Schools Limited, with effect from its incorporation on 11 July 2022

The assets linked to this arrangement should be recorded on the foreign controlled sector partner's balance sheet. This is because the balance of the risks and rewards in this PPP arrangement rests with the foreign controlled sector partner.

Non–institutional units

In December 2024, the ONS classified several organisations that do not have autonomy of decision to be institutional units. Each of these bodies were classified as part of their controlling body, the Department of Health and Social Care:

- Commission on Human Medicines, with effect from 1 October 2005

- UK Nutrition and Health Claims Committee, with effect from 1 March 2019

- Advisory Committee on Antimicrobial Prescribing, Resistance and Healthcare Associated Infection, with effect from 1 April 2007

Disbanded or deleted entities

The following organisations have been listed as disbanded or deleted entities in the public sector classification guide:

- Medicines Commission and the Committee on the Safety of Medicines, both replaced by the Commission on Human Medicines, with effect from 1 October 2005

- Specialist Advisory Committee on Antimicrobial Resistance, replaced by the Advisory Committee on Antimicrobial Prescribing, Resistance and Healthcare Associated Infection, with effect from 1 April 2007

Forward work plan

Our Forward work plan (48.3 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.

This month, we have made a further statement about our intention to review the statistical classification of the transactions in which universities in the UK engage. We expect to complete the review by the end of 2025.

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

Changes to public sector finance statistics, December 2024

Improvements to data for the Bank of England

This month, we have implemented improvements to data for the Banking and Issue Departments and the Asset Purchase Facility of the Bank of England. This includes the use of high-frequency data to provide more precise monthly estimates of the Bank of England's contribution to fiscal statistics. Additionally, we have also implemented further improvements to the compilation process.

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](). This change further enhances the data quality by using more frequent data.

Previously, we mostly used annual source data for many of the financial instruments and produced forecast estimates to correct for the lag in these data. However, asset balances and liabilities 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. Specifically, using this monthly outturn data has reduced the reliance on forecast estimates for the most recent months. 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 a financial year as well as monthly basis.

The impact of these changes on the fiscal aggregates is presented in Table 1. These impacts are different to those presented as provisional in the previous release because of completing the final quality assurance on the data implementation.

Table 1: Impacts of the improvements to the Bank of England data, 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
2014/15	0.0	0.0	0.0	-1.1	-1.3	1.3
2015/16	0.0	0.0	0.0	-4.7	-5.0	5.0
2016/17	0.0	0.0	0.0	-3.5	-5.0	5.0
2017/18	0.0	0.0	0.0	0.4	-0.9	0.9
2018/19	0.0	0.0	0.0	-1.0	-1.0	1.0
2019/20	0.0	0.0	0.0	0.7	0.6	-0.6
2020/21	0.0	0.0	0.0	2.9	1.6	-1.6
2021/22	0.1	0.0	0.1	-0.3	0.1	-0.1
2022/23	0.0	0.0	0.0	3.1	3.3	-3.3
2023/24	0.1	0.0	0.1	-7.6	-7.8	7.8

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.

This improvement revises our data for the Bank of England from financial year ending (FYE) March 2015 to the current period. The scale of the revisions varies across the time series and mainly affects the balance sheet fiscal measures because we have improved the monthly profiling of data on the Bank of England's balance sheet. This change improves data for both financial assets and liabilities, and the component with the largest impact on the fiscal measures is ''currency and deposits''. As well as the choice of source data, revisions are also caused by improvement to the compilation processes.

We have also replaced the source data for the loan from the Banking Department to the Asset Purchase Facility. As this loan is between the Bank of England and its subsidiary, the change has no impact on the main public sector fiscal measures because of consolidation.

For the latest financial year, the revisions are also caused by replacing forecast data with outturn data. This includes incorporating data for the Bank of England Levy, which replaced the Cash Ratio Deposit scheme from 1 March 2024. For more information, see Section 2 of our Economic statistics classifications and developments in public sector finances: August 2024 article.

The most noticeable impact is for FYE March 2024, decreasing public sector net debt (PSND) by £7.6 billion and public sector net financial liabilities (PSNFL) by £7.9 billion. This is driven by the closure of the Cash Ratio Deposit scheme, which had previously been included in our forecasts, as well as using the high-frequency source data with the largest change to assets and liabilities in currency and deposits.

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 to estimates of non-financial assets from these changes. The impact on public sector current budget deficit (PSCBD) is equal to that of public sector net borrowing (PSNB) in FYE 2023 and FYE 2024, with both PSCBD and PSNB being revised down by £0.1 billion. 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

This month, we have implemented 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 2022 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, which has been 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 did 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]().

The impacts of this implementation on the fiscal aggregates are presented in Table 2. These impacts are slightly different to those presented as provisional in the previous release because of completing the final quality assurance on the data implementation.

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 the reclassification does effect our statistics for those subsectors, the receipts and expenditures are consolidated out at the public sector level, leading to this aspect 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 already 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 do not change as a result of implementing the classifications this month.

Table 2: Impacts of the implementation of Bulb Energy Limited in special administration (Bulb SAR), Octopus Energy Operations Limited (HiveCo) and Octopus Energy Retail Limited (BidCo), 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
2021/22	0.0	0.0	0.0	0.0	0.2	-0.2
2022/23	-0.3	0.0	-0.3	0.0	0.1	-0.1
2023/24	-0.9	0.0	-0.9	0.0	-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.

These changes decrease public sector current budget deficit (PSCBD) by £0.3 billion in the financial year ending (FYE) March 2023 and £0.9 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. There is no impact on PSCBD in FYE March 2022 because of this change.

These changes 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 leads 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). These changes also lead to an increase in PSNW of £0.3 billion in FYE March 2024. There are no material impacts 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

We have implemented some annual data updates this month to incorporate the latest available outturn data into the public sector finances. This includes audited data from the Whole of Government Accounts dataset for the public corporations' subsector for FYE March 2022. 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. For more information, see Section 8 of the Public sector finances, UK: November 2024 statistical bulletin.

A summary of the revisions attributed to data updates, the improvements to the Bank of England and the implementation of Bulb Energy Limited in Special Administration (Bulb SAR), Octopus Energy Operations Limited (HiveCo) and Octopus Energy Retail 2022 Limited (BidCo), on the public sector fiscal measures is provided in our Changes to public sector finance statistics: Appendix L.

Public sector funded pensions

This month, we have implemented a partial data update for public sector funded pensions. This update incorporates 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 have also used 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](link).

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

This data update has caused public sector net debt (PSND) to be reduced by £7.6 billion in 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 compared with our original estimates based on the historical 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 this has contributed to a reduction in the pension funds' contribution to public sector net financial liabilities (PSNFL) of £5.6 billion in FYE March 2024.

Table 3: Impacts of data updates to public sector funded pensions, 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
2022/23	0.1	0.0	0.1	0.8	-0.1	0.1
2023/24	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.

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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.

Last month, we described the changes that the Office for National Statistics (ONS) will review and classify when further details become available. This includes funding under the infected blood and Post Office Horizon redress compensation schemes, the transfer of the investment reserve fund in the Mineworkers' pension scheme, and the establishment of the National Wealth Fund. For more information, see the previous edition of this article, Economic statistics classifications and developments in public sector finances: October 2024.

As part of the 2024 Autumn Budget, the UK government announced changes to employers' National Insurance Contributions (NIC). The change is expected to decrease the threshold for secondary Class 1 NICs and increase the rate from 13.8% to 15%. For more information, see the policy paper published on GOV.UK. This is expected to be implemented in the public sector finances from 6 April 2025, the date on which the change becomes effective.

For more information on the policies and changes 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 20 December 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.

Classification review of universities in the UK
A further statement about our intention to review the transactions in which UK universities engage.

6 . Cite this article

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