

Article

# Economic statistics sector classification – classification update and forward work plan: March 2024

Classification of units, transactions and assets for the purposes of economic statistics

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## Notice

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Please note that since its original publication, the text relating to the Rail ombudsman service has been updated for clarity in both the Article and the Public Sector Classification Guide. We apologise for any inconvenience.

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# 1 . Overview of the economic statistics sector classification update

Our economic statistics are produced in accordance with international rules and guidance. Central to this are the rules set out in 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](#). These include rules on classifying statistical units (organisations or bodies) and the transactions they engage in. A summary of these, and our approach to their application, can be found on our [Economic statistics classifications web page](#).

Our [Forward work plan dataset \(XLSX, 130.6KB\)](#) sets out the organisations and transactions that we expect to assess and classify in the next 12 to 18 months. Please note that classification priorities can change quickly, and the expected dates of completion are only indicative at the time of publication.

The forward work plan does not cover all cases that will arise over the next 12 to 18 months. Cases that are likely to have a smaller statistical and policy impact will be assessed as resources allow. The cases scheduled in this article have been prioritised because of the impact they will have on important statistics, and their importance to public policy.

There is 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 government and devolved administration policy proposals, as explained in our [UK economic statistics sector and transaction classifications methodology](#).

We do not announce or discuss such policy proposal assessments, to give policymakers the space to develop policy. However, in each December publication, we provide the number of policy proposal reviews that were carried out during the preceding calendar year. As with other classification decisions, when a policy is implemented, it will be classified and included in the [Public sector classification guide dataset \(XLSX, 658.4KB\)](#).

From March 2024, the Public Sector Classification Guide now includes a separate worksheet entitled Non-Institutional Units. This will contain a list of organisations that, following a classification review, were found not to meet the criteria to be an institutional unit.

These organisations classified as not meeting the criteria to be an institutional unit are classified as part of their controlling body, in accordance with ESA 2010, 2.24 to 2.25. They were previously included in the Organisation /Institutional Unit worksheet, within the Information section of their controlling bodies. We have introduced this new worksheet for two reasons: to provide more transparent and accessible representation of classification reviews carried out by the ONS; and because some institutional units have many organisations that will be included in their PSCG entry as non-institutional units, and there are limitations on cell size.

This month we have transferred all the non-institutional units that have been classified as part of the Ministry of Justice as their controlling body, to the new worksheet. Over the coming months, we will gradually transfer other previously classified non-institutional units to the dedicated worksheet. Meanwhile, they are still available to find within the existing Organisation/Institutional Unit worksheet, within the entries of their controlling bodies.

If you have any comments, or suggestions for improvement to any aspect of the Public Sector Classification Guide, please email [econstats.classifications@ons.gov.uk](mailto:econstats.classifications@ons.gov.uk).

## 2 . Forward work plan

There has been one addition to the forward work plan this month: South of Scotland Enterprise.

## 3 . Classification update

## Warm Home Discount scheme (Scotland)

### Payment to both the Core Group and the Broader Group of eligible domestic customers

The [Energy Act 2010](#) (the Act) provided a framework to mandate eligible energy suppliers to provide support to vulnerable, low-income households

The Act enabled the Warm Home Discount (WHD) scheme, which came into effect on 1 April 2011 through [The Warm Home Discount Regulations \(2011\)](#). These regulations also enabled energy suppliers in Great Britain to recover these additional costs from all their domestic customers, through increased energy bills. On 1 December 2017, many of the powers to make regulations for the WHD scheme were transferred to Scottish Ministers by the [Scotland Act 2016](#).

Following the [Energy White Paper \(PDF, 11.6MB\)](#) published in December 2020, the UK government proposed an expansion and extension of the scheme in Scotland. As such, the Scottish Government has introduced new regulations in [The Warm Home Discount \(Scotland\) Regulations \(2022\)](#).

The scheme was established within the remit of general social policy, and the background of the scheme is linked to specific low-income considerations. The scheme provides support to households who are in receipt of the guarantee credit element of Pension Credit, and also means-tested low-income households (see [European System of Accounts \(ESA\) 2010](#), 4.85).

For a transaction to be classified as part of a social policy, it is typically paid to households by government or non-profit institutions serving households. As the payment is made by obligated energy suppliers, there is a need for rearrangement, for the purpose of statistical recording, to bring out the underlying economic reality. Therefore, the energy suppliers are fulfilling their obligations under the WHD scheme as stated in The Warm Home Discount Regulations (2011). In such a situation, the energy suppliers are acting as an agent of government (see [Eurostat's Manual on Government Deficit and Debt \(MGDD\) 2022](#), 1.2.4.5.2).

The assessment concluded that there was not a strong link between these payments and the examples of goods and services provided under a social transfer in kind (D.632) in ESA 2010, 4.110.

Therefore, this payment under the WHD scheme in Scotland has been classified as a social assistance benefit in cash (D.623) from the central government subsector (S.1311) to the households sector (S.14). The payment is to meet a social policy need, as defined in ESA 2010, 4.84, and is provided through eligible energy suppliers. This classification applies from 1 April 2011, the date The Warm Home Discount Regulations (2011) came into effect.

### Payment from all domestic customers to fund the payment to eligible domestic customers

The payment made by all households in Scotland, registered with an eligible licensed energy supplier under The Warm Home Discount (Scotland) Regulations (2022) to fund the payments to eligible households, is compulsory and unrequited and therefore a tax. This payment is redistributed to eligible low-income and vulnerable households through energy suppliers. Taxes can only be levied by government. Therefore, in the context of transactions carried out by non-government units, this is an example where a rearrangement is appropriate for the purpose of statistical recording. This is because the transaction has the characteristics of redistributing wealth (see MGDD 2022 1.2.4.5.4, 118).

As such, the payment from all households to fund the payment to eligible households under the WHD scheme in Scotland is classified as other current taxes (D.59, see ESA 2010 4.79), and is paid by the households sector (S.14) to the central government subsector (S.1311), rearranged from the eligible energy suppliers. This classification is applicable from 1 April 2011, the date The Warm Home Discount Regulations (2011) first came into effect.

## **NHS Pay Review Body**

The NHS Pay Review Body (NHSPRB) is responsible for making recommendations on the pay of all staff in NHS England, Scotland, Wales and Northern Ireland, who are paid under the NHS staff pay and grading system, with the exception of doctors, dentists and senior managers.

On 1 April 2008, the NHSPRB took over this function from its predecessor, the Nurses, Midwives, Health Visitors and Professions Allied to Medicine Pay Review Body. This will now be shown as a Disbanded/Deleted entry on the Public Sector Classification Guide, from 1 April 2008.

The assessment concluded that the NHSPRB does not have the requisite autonomy of decision to be an institutional unit.

Therefore, for economic statistics purposes, the NHSPRB has been classified as part of its controlling body, the Department of Health and Social Care, in the central government subsector (S.1311). This classification applies from 1 April 2008, when the NHSPRB took over this function from its predecessor, the Nurses, Midwives, Health Visitors and Professions Allied to Medicine Pay Review Body.

## **Rail Ombudsman**

Following the 2021 Williams-Shapps Plan for Rail, the Office of Rail and Road (ORR) has taken over responsibility from the Rail Delivery Group for sponsoring the rail ombudsman service from 26 November 2023. This is a free service for unresolved customer complaints about service providers within the rail industry.

The assessment concluded that the rail ombudsman service does not meet the criteria to be an institutional unit and is a function that the ORR sponsors, but which is outsourced and provided by a private sector company (Dispute Resolution Ombudsman) operating for the purposes of this contract as "The Rail Ombudsman".

## **Tribunal Procedure Committee**

The Tribunal Procedure Committee (TPC) is a body that makes rules that govern practice and procedure in the United Kingdom's First-tier Tribunal and Upper Tribunal.

The classification review concluded that the TPC does not meet the criteria to be an institutional unit. For economic statistics purposes, it has therefore been classified as part of its controlling unit, the Ministry of Justice, from 19 May 2008, the date the TPC was established.

## **Judicial Appointments and Conduct Ombudsman**

The Judicial Appointments and Conduct Ombudsman (JACO) investigates the handling of complaints about the judicial conduct and appointment process in England and Wales.

The classification review concluded that the JACO does not meet the criteria to be an institutional unit. For economic statistics purposes, it has therefore been classified as part of its controlling unit, the Ministry of Justice, from 3 April 2006, the date the [Constitutional Reform Act 2005](#) came into effect.

## **Prison Service Pay Review Body**

The Prison Service Pay Review Body (PSPRB) is a body that advises on pay for governors, prison officers, and staff in the England and Wales Prison Service and equivalent posts in Northern Ireland.

The classification review concluded that the PSPRB does not meet the criteria to be an institutional unit. For economic statistics purposes, it has therefore been classified as part of its controlling unit, the Ministry of Justice, from 17 April 2001, the date the PSPRB was established.

## 4 . Related links

### [Economic statistics classifications - Office for National Statistics](#)

Web page | Updated periodically

Classification decisions taken in recent years, documentation on the classification process and a list of entities and their classification in the UK National Accounts.

### [Forward work plan](#)

Dataset | Updated monthly

A plan which sets out the organisations and transactions that the Office for National Statistics (ONS) expects to assess and classify in the next 12 to 18 months.

### [Public Sector Classification Guide](#)

Dataset | Updated monthly

An updated guide providing a list of bodies that have been classified by the Office for National Statistics (ONS) as public sector bodies within the National Accounts.

## 5 . Cite this article

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