

Article

Recent and upcoming changes to public sector finance statistics: April 2023

Recent and upcoming changes to our public sector finance statistics, including the inclusion of Bulb Energy Limited, pensions data updates, and impact on government spending and debt.



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1 . Overview

This article increases transparency around our current methodology work, including the implementation of the classification decision on Bulb Energy Limited, and provides provisional impacts on public sector aggregates. The need for statistics to keep pace with the evolving economy prompts most methodological changes to the public sector finances (PSF) statistics. These changes can alter perceptions of the government's fiscal exposure, as measured by the fiscal aggregates, such as public sector net borrowing (PSNB), or public sector net debt (PSND). For example, the Energy Bills Discount Scheme, which involved subsidies on products from central government to households (see [Section 3: Energy policy announcements](#)), increased both PSNB and PSND.

2 . Upcoming changes in June 2023

In accordance with our transparency strategy, and to provide predictability to users, we aim to package together methodological changes at a single point in the year, where possible.

This section explains the changes that will be implemented into the public sector finances next month and describes the provisional impacts of those changes on the latest estimates of the fiscal aggregates. We are continuing to work on these changes, so the provisional impacts presented in this article may change.

We will review and publish an update to our long-term work plan later in the year. In the meantime, further information about developments expected in the future is available in our [Looking ahead – developments in public sector finance statistics: 2022 article](#).

In addition to next month's changes, we aim to implement our annual data updates to Network Rail, Pool Re, public sector funded pensions, student loans, and capital consumption in September 2023.

Bulb Energy Limited

In June 2023, we expect to implement the classification decision of Bulb Energy Limited (Bulb) into the public sector finances.

Bulb entered a Special Administration Regime (SAR) on 24 November 2021 following the energy price crisis. In April 2022, the Office for National Statistics (ONS) reviewed the classification status and concluded that Bulb is a market body subject to public sector control. Therefore, Bulb was classified to the public non-financial corporations subsector (S.11001) with effect from 24 November 2021, the date it entered special administration. For further information, please see our [Recent and upcoming changes to public sector finance statistics: March 2023 article](#).

Currently, we record the payments made under special administration from the Department for Business, Energy and Industrial Strategy (BEIS) (which is now the Department for Energy Security and Net Zero) to Bulb as other capital transfers by central government to private non-financial corporations. However, following the reclassification of Bulb to the public non-financial subsector, they will be recorded as other capital transfers by central government to public corporations.

In addition, the output of Bulb and other relevant transactions will be recorded in the public non-financial corporations subsector.

On 29 October 2022, the UK government approved an agreement between the special administrators of Bulb and Octopus Energy to acquire Bulb's customers. For more information, please see GOV.UK's press release, titled [UK government approves agreement between Bulb and Octopus Energy, providing certainty to 1.5 million customers](#). Following government approval, there was a statutory process called the Energy Transfer Scheme (ETS). This took effect on 21 December 2022, as ordered by the High Court. For more information, see [BEIS's Bulb Energy: notification of Energy Transfer Scheme notice](#).

While there are several stages to the ETS, including the transfer of certain assets and liabilities to a new company, the ONS has not yet classified all aspects of the transfer. In next month's release, we plan to implement only the classification decision made in April 2022, where Bulb was classified as a public non-financial corporation. We will continue to review all the agreements related to the ETS and other relevant information in order to complete the classification process and establish the impact on the public sector finances.

Table 1: Provisional impacts of the classification change for Bulb Energy to be introduced in June 2023 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	0.9	-0.9	0.0	-0.1	0.3	-0.3
2022 to 2023	0.0	-0.2	-0.2	-0.3	0.1	-0.1

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 estimate Bulb's implementation has increased the public sector current budget deficit (PSCBD) by £0.9 billion in the financial year ending (FYE) March 2022. This is offset by the impact on public sector net investment (PSNI), because the receipt of the capital transfer is now also recorded within the public sector, resulting in there being no impact on public sector net borrowing (PSNB) for FYE March 2022. The amount relates to the funding of Bulb under the original financing facility for the SAR. For more detail on transactions relating to Bulb, see the Office for Budget Responsibility's [Economic and fiscal outlook box March 2023](#).

In FYE March 2022, we expect the inclusion of Bulb to reduce public sector net worth (PSNW) by £0.3 billion, with an equal and opposite impact on public sector net financial liabilities (PSNFL). There is also a small impact on public sector net debt (PSND).

The impacts are different in the financial year ending (FYE) March 2023, where PSNB is expected to be reduced by £0.2 billion, according to provisional data. We also expect to report a similar reduction in the amount for PSND, mainly based on the assumption of an increase in cash stocks.

In this analysis, we have assumed that the impact of the currency and deposits will be reflected next month. However, the data source for public corporations' holdings of currency may have already reflected the reclassification of Bulb.

There is a time lag between the current period and the publication of annual accounts, which means that data have been estimated. Data are therefore subject to revisions when more information becomes available, for example, when annual accounts are published. As a result, it is possible that our provisional estimates will change between now and the implementation of Bulb in the public sector finances in June 2023.

Changes to public sector funded pensions data

In June 2023, we expect to provide updates to public sector funded pensions data. These changes will reflect data updates related to the Local Government Pension Scheme (LGPS) 2019 actuarial valuation and methodological improvements already published in the UK National Accounts.

Most public sector pension schemes conduct actuarial valuations every three to four years. This creates a considerable time lag in the availability of actuarial data, which can exceed four years. When information from the most recent valuation becomes available, modelled estimates are updated and this can cause revisions over an extended period of years, which affect the fiscal aggregates. For more information on the methodology used to produce pensions estimates, please see our [Pensions in the public sector finances: a methodological guide](#).

The methodological improvements to pensions data, published in the UK National Accounts as part of improvements for Blue Book 2022, include the incorporation of new data sources and improvements to methods used to compile pensions estimates. For more information on these changes, please see our [Insurance and pensions methods changes: 1997 to 2020 methodology](#).

The provisional impacts of these combined updates to pensions on the fiscal aggregates are shown in Table 2. We expect these changes to cause revisions to our pensions figures from April 1997 to the current period. The main cause of the revisions to the back series, up to and including financial year ending (FYE) March 2013, is the improvements published in the National Accounts. For the financial year ending (FYE) March 2014 to the current period, the revisions to the fiscal aggregates are a result of the national accounts improvements, as well as the updated scheme level actuarial valuation data.

We expect these changes to cause revisions in public sector net borrowing (PSNB) and public sector net financial liabilities (PSNFL). The largest revisions are expected to be for FYE March 2018, increasing PSNB by £1.0 billion and increasing PSNFL by £13.5 billion. The main cause of these revisions is the updated LGPS valuation data, which increases the value of pension liabilities and affects imputed expenditure.

In financial year ending (FYE) March 2021 and FYE March 2023, we expect PSNFL to be revised down by £6.3 billion and £2.9 billion, respectively, as a result of the changes.

Table 2: Provisional impacts of the methodology and data changes to public sector funded pensions to be introduced in June 2023 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	-0.1	0.0	-0.1	0.0	1.1	-1.1
1998 to 1999	-0.1	0.0	-0.1	0.0	1.2	-1.2
1999 to 2000	-0.1	0.0	-0.1	0.0	1.3	-1.3
2000 to 2001	-0.1	0.0	-0.1	0.0	1.4	-1.4
2001 to 2002	-0.1	0.0	-0.1	0.0	1.5	-1.5
2002 to 2003	-0.1	0.0	-0.1	0.0	1.5	-1.5
2003 to 2004	-0.1	0.0	-0.1	0.0	1.6	-1.6
2004 to 2005	-0.2	0.0	-0.2	0.0	1.7	-1.7
2005 to 2006	-0.3	0.0	-0.3	0.0	1.6	-1.6
2006 to 2007	-0.3	0.0	-0.3	0.0	1.6	-1.6
2007 to 2008	-0.3	0.0	-0.3	0.0	1.6	-1.6
2008 to 2009	-0.3	0.0	-0.3	0.0	1.6	-1.6
2009 to 2010	-0.4	0.0	-0.4	0.0	2.0	-2.0
2010 to 2011	-0.4	0.0	-0.4	0.0	1.4	-1.4
2011 to 2012	-0.4	0.0	-0.4	0.0	1.7	-1.7
2012 to 2013	-0.4	0.0	-0.4	0.0	1.8	-1.8
2013 to 2014	0.7	0.0	0.7	0.0	0.6	-0.6
2014 to 2015	0.6	0.0	0.6	0.0	0.9	-0.9
2015 to 2016	0.9	0.0	0.9	0.0	9.4	-9.4
2016 to 2017	0.9	0.0	0.9	0.0	12.5	-12.5
2017 to 2018	1.0	0.0	1.0	0.0	13.5	-13.5
2018 to 2019	0.6	0.0	0.6	0.0	0.0	0.0
2019 to 2020	0.7	0.0	0.7	0.0	0.7	-0.7
2020 to 2021	0.2	0.0	0.2	0.0	-6.3	6.3
2021 to 2022	0.0	0.0	0.0	0.0	0.0	0.0
2022 to 2023	0.2	0.0	0.2	0.0	-2.9	2.9

Source: Public sector finances from the Office for National Statistics

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1. "PSCBD ex" represents public sector current budget deficit excluding public sector banks.
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Pensions estimates in the public sector finances are heavily based on actuarial modelling, which is a complicated process that uses a set of assumptions to derive the estimates. This formula often includes considerations for various factors, such as salary, age at retirement, and length of service for members of the scheme. Furthermore, there is a lag of approximately two years between the period to which it relates and the publication of data. Therefore, the latest two financial years are modelled based on the available data, and as such will be subject to revisions as new data become available.

We expect to update pensions estimates again in September 2023, as part of annual data updates. These factors in combination mean that the pensions estimates are highly provisional, particularly those for the most recent three years, and revisions are likely to occur as a result of updated data as well as ongoing improvements to the modelling.

3 . Energy policy announcements

In 2022, [the UK government announced several plans](#) to help manage the cost of energy for UK households and businesses, and to provide support for energy companies. Over the last few months, the Office for National Statistics (ONS) has worked to classify the energy policy announcements. The following is a summary of the policies that have been classified in compliance with international guidance, and those that we are yet to classify. More information on the separate energy policy announcements can be found in our [Recent and upcoming changes to public sector finance statistics: October 2022 article](#).

Classified policies

- The Energy Bills Support Scheme, classified as a current transfer payment from central government to households in August 2022.
- The Energy Price Guarantee scheme and the Energy Bill Relief Scheme, classified as a subsidy on products from central government to energy suppliers in October 2022.
- The Alternative Fuel Payment scheme (domestic), classified as a current transfer payment from central government to households in October 2022.
- The Energy Bills Support Scheme for households in Northern Ireland, classified as other miscellaneous current transfers in February 2023.
- Energy Bills Discount Scheme, classified as subsidies on products from 1 April 2023.

For more information on the classification decisions, see our [Public sector classification guide and forward work plan](#).

Unclassified policies

- The Alternative Fuel Payment Scheme for non-domestic customers.

For information on when we expect to review and classify policies, see our [Public sector classification guide and forward work plan](#).

4 . Classification announcements

The following bodies were classified to the Central Government (S.1311) subsector in April 2023:

- Department for Business and Trade as of 1 April 2023
- Department for Culture, Media and Sport as of 1 April 2023
- Department for Energy Security and Net Zero as of 1 April 2023
- Department for Science, Innovation and Technology as of 1 April 2023
- Scottish Rail Holdings Limited as of 1 April 2022
- ScotRail Trains Limited as of 1 April 2022
- Zero Waste Scotland Limited as of 16 November 2017

For more information on the classification decisions, see [Section 3 of our Economic statistics sector classification – classification update and forward work plan: April 2023 article](#).

5 . Changes to higher education student loans

On 24 February 2022, the UK government announced [a policy to amend the student loans repayment regulations in England](#). On 5 December 2022, the Welsh Government announced [a policy to amend the student loan repayment regulations in Wales](#). On 15 December 2022, these changes to the regulations were laid in UK parliament and in Senedd Cymru, as detailed in [Legislation.gov.uk archives](#).

The amendments to the regulations made in December 2022 will affect current and former students with Plan 2 student loans, both English-domiciled and Welsh-domiciled. The changes will also affect new cohorts of English-domiciled students entering higher education from the academic year starting 2023. For more information on the changes, please see our [Recent and upcoming changes to public sector finance statistics: March 2023 article](#).

When recording student loans in the public sector finance (PSF) statistics, a portion of the student loan outlay is recorded as a capital transfer to the borrower. This contributes to public sector net borrowing (PSNB) at the time at which the loans are issued. The remaining portion is treated as a genuine loan asset for government. The December 2022 changes are expected to reduce the proportion of student loan outlay recorded as government expenditure.

Last month, we recorded a capital transfer of £10.0 billion from households to central government, accrued to December 2022, the month in which the changes to regulations were made. This reflects the increase in value of the loan stock for existing Plan 2 student loans because of these policy changes.

For more information on the recording of student loans in public finances, see our [Student loans in the public sector finances: a methodological guide](#).

6 . 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: 2022](#)

Article | Released 22 February 2022

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](#)

Article | Released 28 April 2023

The forward work plan sets out the units and transactions that we expect to assess and classify in the coming 12 to 18 months.

7 . Cite this article

Office for National Statistics (ONS), released 23 May 2023, ONS website, [Recent and upcoming changes to public sector finance statistics: March 2023](#)