

Article

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

Information on recent and upcoming changes to our public sector finance statistics.



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1 . Overview

Most methodological changes to the public sector finance (PSF) statistics are prompted by the need for statistics to keep pace with the evolving economy. 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). This article increases transparency around the methodology work, including the classification reviews that are currently underway.

2 . Items under review

Public sector net worth (PSNW)

In the coming months, we will publish public sector net worth (PSNW), a new balance sheet aggregate in public sector finance (PSF) statistics. We will also present a newly formatted PSF bulletin.

PSNW is a broad statistical aggregate that summarises the value of both non-financial and financial assets, and liabilities held by the public sector. More information can be found in our [Wider measure of public sector balance sheet: public sector net worth article](#). Further information about changes expected in the future are available in our [Looking ahead – developments in public sector finance statistics: 2022 article](#).

Bulb Energy Limited

Bulb Energy Limited (Bulb) was one of the UK's largest suppliers of gas and electricity. As noted in our [December 2021 article](#), following the energy price crisis, Bulb was placed into a Special Administration Regime (SAR) on 24 November 2021.

SARs are designed to ensure the continued provision of essential services when a provider becomes insolvent. In the case of Bulb, the UK energy regulator Ofgem, with consent from the Secretary of State for Business, Energy and Industrial Strategy (BEIS), applied to the court to appoint energy administrators to the company to manage the business while under special administration. BEIS and the energy administrators entered into a funding agreement that provided a funding capacity to cover the costs over the period that Bulb is in special administration.

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, for more information see our [Classification of Bulb Energy Limited statement](#). Therefore, Bulb was classified to the public non-financial corporations subsector with effect from 24 November 2021, the date it was placed into special administration.

We aim to implement this classification decision in the public sector finances in the summer of 2023.

The ONS also classified the payments made under special administration from BEIS to Bulb as other capital transfers, reflecting their economic nature. As such, the payments increased public sector net investment.

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 see the [press release on GOV.UK](#). 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](#).

There are several stages to this transfer scheme, including the transfer of certain assets and certain liabilities to a new company, Bulb UK Operations Ltd. We will review all the related agreements and relevant information in due course to establish the impact on the public sector finances.

EU payments – customs undervaluation case

In March 2018, the European Commission launched proceedings against the UK government alleging that they had failed to prevent the undervaluation of customs duties on Chinese footwear and textile products while the UK was an EU member state. The Court of Justice of the European Union (CJEU) ruled against the UK in March 2022.

On 10 June 2022, the UK made a payment of €678 million (£579 million) to the EU while further discussions to agree a final amount with the European Commission continued. This transaction was recorded in the June 2022 public sector finances release as a prepayment, affecting cash and debt statistics but not expenditure. For more information, see [UK Parliament's Statement made on 30 June 2022](#).

On 9 February 2023, the [UK government published a written statement](#) outlining a further €1.9 billion (£1.7 billion) of payments in respect of the final amount of outstanding customs duty and applicable interest owed by the UK to the EU. This was made up of €700 million (£621 million) paid on 13 January 2023 in respect of the remaining principal payment, and €1.2 billion (£1.1 billion) paid on 6 February 2023 in respect of the interest applied on the principal amounts paid.

As the amount owed is now final, and in line with international statistical guidance, the total value of payments (June 2022, January 2023 and February 2023) has been recorded as expenditure. The total value is recorded in January 2023 because that was the time that the liability amount was finalised. This additional expenditure increases public sector net borrowing (PSNB) by £2.3 billion in January 2023. The payments are reflected in the central government net cash requirement in the respective months when they were made.

Following international statistical guidance, we have recorded the principal payments as a £1.2 billion capital transfer from central government to the EU, and a £1.1 billion payment relating to interest has been initially recorded as a current transfer.

Autumn Statement

In the November 2022 Autumn Statement, the UK government announced the Electricity Generator Levy and a [Business Rates Transitional Relief scheme](#), along with changes to some existing policies.

In January 2023, the ONS published the outcome of a statistical classification assessment of the Electricity Generator Levy (EGL). The EGL is a temporary levy on electricity generators intended to help fund cost of living support. The ONS concluded that the EGL should be classified as a tax on income (D.51) because it is a compulsory and unrequited charge.

For more information on the classification decision, please see Section 3 in our [January 2023 Economic statistics sector classification update article](#).

Energy policy announcements

In 2022, [the UK government announced several plans](#) to help manage the cost of energy for UK households and business, and to provide support for energy companies. Over the last few months, the 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 in the 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.

Unclassified policies

- The Energy Bills Support Scheme for households in Northern Ireland.
- The Alternative Fuel Payment for non-domestic customers.
- Energy Bills Discount Scheme.

We will review and classify these policies in due course.

The [Energy Markets Financing scheme](#) closed on 27 January with no applications, so will not be classified.

Classification announcements

Gangmasters and Labour Abuse Authority

The ONS carried out a classification assessment of the Gangmasters and Labour Abuse Authority (GLAA), which is a non-departmental public body, previously known as the Gangmasters Licensing Authority. The GLAA has been classified to the central government subsector (S.1311) with effect from 30 April 2017, the date that the GLAA's new powers under the Immigration Act 2016 came into force.

GLAA operates a licensing scheme. The licence fee is compulsory, required and not economically significant. As such, the licence fee has been classified as a payment for non-market output (P.131) with effect from 1 April 2005, the date that the licence fee was established.

Money and Pensions Service

In January 2023, the ONS also classified the Money and Pensions Service (MaPS). On 1 January 2019, the three previous providers of government-sponsored financial guidance, namely the Money Advice Service, the Pensions Advisory Service and Pension Wise, merged to form MaPS. The classification assessment concluded that MaPS has been classified to the central government subsector (S.1311) with effect from 1 January 2019, the date that MaPS formed.

For more information on the classification decisions, please see Section 3 in our [January 2023 Economic statistics sector classification update article](#).

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 15 December 2022, these changes to the regulations were [laid in parliament](#). The changes will affect both new students entering higher education and existing borrowers. For new cohorts of students, the changes will apply from the academic year starting 2023. The changes will also affect current and former students with Plan 2 loans. For more information on Plan 2 loans see [GOV.UK's Repaying your student loan web page](#).

We expect these changes to reduce the proportion of student loan outlay recorded as government expenditure. We will be implementing these changes to our student loan estimates at the earliest opportunity, ensuring the correct timing of recording for the various elements of the package.

3 . 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.

4 . Cite this article

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