

Article

Economic statistics classifications and developments in public sector finances: January 2025

Includes the latest economic statistics classification updates, and information on future developments in public sector finance statistics.

Contact:
Public Sector Analysis and
Projects team, Economic
Statistics Classifications team
public.sector.inquiries@ons.gov.uk;
econstats.
classifications@ons.gov.uk
+44 1633 456402

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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.

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 in the measurement of public sector fiscal aggregates. 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 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.

Organisations – Institutional units

The following organisations have been classified to the central government subsector in February 2025:

- Redress Scotland, which makes payments to those abused while in care as children before 2004 in Scotland, classified with effect from 23 April 2021
- Medr - the Commission for Tertiary Education and Research, which is responsible for funding and regulating the tertiary education sector in Wales, classified with effect from 1 August 2024

Non-institutional units

In February 2025, the ONS classified two organisations that do not have sufficient autonomy of decision to be institutional units. These bodies were classified as part of their controlling body, the Department of Health and Social Care:

- Office of the Commissioner for Patient Safety, with effect from 12 September 2022
- Office of the National Data Guardian for Health and Social Care, with effect from 13 November 2014

Disbanded or deleted entities

The following organisation has been listed as a disbanded or deleted entity in the public sector classification guide:

- Higher Education Funding Council for Wales, replaced by Medr - the Commission for Tertiary Education and Research, with effect from 1 August 2024

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.

Please note that the new case added in the January 2025 forward work plan, titled Carbon Capture, Usage and Storage: Hydrogen, has been renamed to Hydrogen Allocation Rounds: Hydrogen Production Business Model. This is because this case relates to government support for the production of low carbon hydrogen, rather than carbon capture, usage and storage.

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

COVID-19 loan guarantee schemes

In March 2025, we expect to implement a data update to our estimates for COVID-19 loan guarantees to include the latest available data from the British Business Bank. The COVID-19 loan guarantee schemes were set up to support businesses during the coronavirus (COVID-19) pandemic. Further information on these schemes can be found in our [Recent and upcoming changes to public sector finance statistics: February 2021 article](#).

All revisions for the period April 2023 to December 2024 (inclusive), will reflect updated data. The expected provisional impacts of this data update on the headline fiscal aggregates are presented in Table 1.

We expect to see upward revisions of around £2.3 billion to public sector net investment (PSNI) and public sector net borrowing (PSNB) for the financial year ending (FYE) March 2024. The revisions to PSNI and PSNB are because of revaluations within the model being recorded as capital transfers. This is to reflect the difference between the payment recorded in the British Business Bank annual accounts and the provision estimated. Public sector net financial liabilities (PSNFL) increased by £1.2 billion because the payments recorded in the British Business Bank annual accounts are higher than were estimated in the model for FYE March 2024.

In the financial year-to-date, April 2024 to December 2024, the data updates are expected to lead to a decrease in PSNFL of around £4.3 billion. The decrease to PSNFL is caused by downward revisions to the provisions for calls under standardised guarantees. This is because the expected loss estimates forecast in the model have been replaced with expected loss estimates from the British Business Bank.

We expect no revisions to public sector net debt (PSND), as well as minor revisions to public sector current budget deficit (PSCDB) for both periods, because of this data update. The revisions to PSCDB are not visible in Table 1 as they are below £0.1 billion.

Provisional impacts of data updates to COVID-19 loan guarantees, to be introduced in March 2025, 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
2023 to 2024	0.0	2.3	2.3	0.0	1.2	-1.2
April 2024 to December 2024	0.0	0.0	0.0	0.0	-4.3	4.3

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.

Other data updates

Next month, we also expect to implement an annual data update to Pool Re Limited, to reflect the latest available outturn data. Provisional figures for the update to Pool Re Limited are not included in this article because they are expected to have minimal impacts on the headline fiscal aggregates.

4 . Review of emerging issues in the economy

Repurchase of military housing by the Ministry of Defence

On 17 December 2024, it was announced that the Ministry of Defence finalised an agreement to buy back housing stock for military families from Annington Homes Limited.

The properties have been re-purchased for £6 billion. Combined with the elimination of liabilities associated with the leases, which amounted to £4.3 billion, overall, this increased public sector net debt (PSND) by approximately £1.7 billion at the end of January 2025.

As the deal was completed in December 2024, but the cash was paid in January 2025, an other accounts payable liability was recorded in December 2024 for £6 billion, to reflect the timing difference. PSND does not include liabilities in the form of other accounts payable. Therefore the impact on PSND in December 2024 was a temporary reduction of £4.3 billion, reflecting the extinguishment of the lease liability. The cash payment increased PSND by £6 billion, leading to the total net impact of £1.7 billion at the end of January 2025.

In contrast, public sector net borrowing (PSNB), public sector net financial liabilities (PSNFL) and public sector net worth (PSNW) captured the overall effect of the re-purchase from December 2024. Consequently, all three measures saw an increase of £1.7 billion in the December 2024 data, reflecting the time of the re-purchase on an accrual basis, in line with international statistical guidance.

There was no major impact on the public sector current budget deficit (PSCBD) in either December 2024 or January 2025 because the transaction is recorded as capital expenditure. The minor impact has arisen from the cessation of the interest payments on the Annington Homes lease from December 2024.

Further information on the details of this transaction can be found in [the GOV.UK press release about the repurchase of military homes](#).

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 February 2025

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 | Updated 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](#)

Web page: Updated 19 December 2024

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

6 . Cite this article

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