

Article

Economic statistics classifications and developments in public sector finances: June 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

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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: 2025 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 \(743.5 KB XLSX\)](#). 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

Carbon Capture, Usage and Storage: Power – Dispatchable Power Agreement

The ONS completed an assessment of the Dispatchable Power Agreement (DPA). This is a commercial contract entered into by low carbon electricity generators, which utilise Carbon Capture Usage and Storage (CCUS) technology, and a central government body, the Low Carbon Contracts Company Limited (LCCC Limited). The DPA is designed to incentivise the construction of new power plants, or the retrofitting of existing facilities, to be capable of producing low carbon electricity via CCUS technology.

Following the assessment, the ONS reached the following conclusions:

The first generator to sign a contract under the DPA, Net Zero Teesside (NZT) Power Limited, does not have the requisite autonomy of decision to be an institutional unit. It is not subject to public sector control under the DPA (SNA 2008, 4.80 and ESA 2010, 20.309). Therefore, it is classified with its parent unit, BP CCUS UK Limited (wholly owned by BP plc), in the private non-financial corporations subsector, with effect from 19 November 2024, the date the NZT Power Limited DPA was signed.

The assets linked to the DPA were not considered to be part of a Public-Private Partnership or a concession arrangement. They should be recorded on the balance sheet of the private sector generator. This is because the balance of risks and rewards in this arrangement rests with the generator, and they are therefore considered to be the economic owner of the asset.

Hydrogen Production Business Model

The ONS completed an assessment of the Hydrogen Production Business Model (HPBM), designed to incentivise the construction of new facilities for the production and supply of low carbon hydrogen. The HPBM is intended to replace the production and use of alternative higher carbon fuels.

Following the assessment, the ONS reached the following conclusions on hydrogen producers:

- they have the requisite autonomy of decision to be institutional units in accordance with SNA 2008, 4.2 and ESA 2010, 2.12
- they are not subject to public sector control (SNA 2008, 4.80 and ESA 2010, 20.309), as the UK government has no ownership of voting rights, special shares or control over appointments to the governing bodies
- they chose to tender for these contracts in a competitive process, and are not restricted to only produce low carbon hydrogen
- they are considered to be market bodies, as they are expected to produce and sell low carbon hydrogen at economically significant prices (ESA 2010, 20.19). They are, therefore, classified as private non-financial corporations, with effect from 13 December 2024, the date the first Hydrogen Allocation Round 1 contract was signed

The assets linked to this arrangement should be recorded on the private sector hydrogen producers' balance sheets, as the balance of risks and rewards rests with the hydrogen producers. They are, therefore, considered to be the economic owners of these assets.

Non-institutional units

The ONS classified two organisations that do not have sufficient autonomy of decision to be institutional units.

Net Zero Teesside Power Limited

Net Zero Teesside Power Limited is the first generator to sign a DPA contract. It was classified as part of its controlling body, BP CCUS UK Ltd (wholly owned by BP plc), in the private non-financial corporations subsector, with effect from 19 November 2024, the date the DPA contract was signed.

The Victims' Payments Board in Northern Ireland

The Victims' Payments Board in Northern Ireland was classified as part of its controlling body, The Executive Office, within the central government subsector. This classification is effective from 31 January 2020, the date the Victims' Payments Regulations 2020 received Royal Assent.

Transactions and schemes

Carbon Capture, Usage and Storage: Power – Dispatchable Power Agreement

Payments made under the Dispatchable Power Agreement (DPA) provide revenue to support the production of low carbon electricity. The payments are designed to incentivise investment in low carbon electricity production by overcoming a cost gap between low carbon electricity production and cheaper production using high carbon fuels. Electricity is then sold in an established merit order (see details in the Variable Payment section).

The ONS classified two transactions associated with the DPA.

The Availability Payment

The Availability Payment from the Low Carbon Contracts Company Limited (LCCC Limited) to low carbon electricity generators relates to the generator's availability to dispatch electricity and to capture the carbon dioxide it produces. The Availability payment is classified as other subsidies on production, paid by LCCC Limited in the central government subsector to electricity generators in the private non-financial corporations subsector.

The Variable Payment

The Variable Payment is designed to incentivise low carbon electricity generators to dispatch power after zero marginal cost sources (renewables and nuclear) but before unabated coal and gas-fired plants (power plants without CCUS technology). This payment is classified as subsidies on products as it is linked to the volume of electricity generated. It is paid by LCCC Limited, which is classified in the central government subsector, to generators in the private non-financial corporations subsector.

For both transactions, these classification decisions are effective from 19 November 2024, the date the first DPA was signed.

Hydrogen Production Business Model

The ONS classified three transactions associated with the Hydrogen Production Business Model (HPBM):

Difference Amount payments

The Difference Amount payment mechanism compares the agreed Strike Price (reflecting the cost of producing the hydrogen and a rate of return) per unit of hydrogen produced, with the Reference Price (either the natural gas price or, if it is higher, the price at which hydrogen is sold). Depending on which of the Reference or Strike Price is higher, the Difference Amount is paid either from LCCC Limited to hydrogen producers or the other way around.

The assessment concluded that when the Strike Price is higher than the Reference Price, the Difference Amount payments from LCCC Limited to hydrogen producers are classified as subsidies on products. This is because the payments are linked to the unit price of hydrogen.

When the Reference Price is higher than the Strike Price, the Difference Amount payments paid by hydrogen producers to LCCC Limited are classified as taxes on products. These payments are compulsory under the HPBM and are unrequited, as LCCC Limited acts as an intermediary to receive and distribute these payments.

Price Discovery Incentive payment

The Price Discovery Incentive (PDI) payment is designed to incentivise hydrogen producers to raise the prices they charge per unit of hydrogen. When the sales price increases, the Difference Amount payments made by LCCC Limited to hydrogen producers decrease, with the PDI offsetting 10% of the reduction in the Difference Amount payment.

The PDI payment is classified as subsidies on products, paid by LCCC Limited in the central government subsector to hydrogen producers in the private non-financial corporations subsector.

Sliding Scale Top Up Amount

The Sliding Scale Top Up Amount is a payment made by LCCC Limited to hydrogen producers if an unexpected qualifying event (as defined in the HPBM) occurs, which results in a drop in demand for low carbon hydrogen.

This payment is classified as subsidies on products, paid by LCCC Limited in the central government subsector to hydrogen producers in the private non-financial corporations subsector.

All three classifications above are effective from 13 December 2024, the date the first Hydrogen Allocation Round 1 (HAR1) contract was signed.

Troubles Permanent Disablement Payment Scheme

The ONS classified payments associated with the Troubles Permanent Disablement Payment Scheme (TPDPS), established in the [Victims' Payments Regulations 2020](#). The TPDPS provides financial support to individuals who have sustained permanent physical or psychological injuries owing to incidents relating to the Troubles in Northern Ireland.

The TPDPS payments are classified as other miscellaneous current transfers, paid by the central government subsector to the households sector. This classification is effective from 31 January 2020, the date the Victims' Payments Regulations 2020 received Royal Assent.

Forward work plan

The [Forward work plan \(43 KB XLSX\)](#) 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.

"Carbon Capture, Usage and Storage: Power", and "Hydrogen Allocation Rounds: Hydrogen Production Business Model" have been removed from the Forward work plan following their classification this month.

The National Energy System Operator Limited has been added to the forward work plan this month.

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

On 27 June 2025, we published details of future developments in our [Looking ahead – developments in public sector finance statistics: 2025 article](#).

There are no updates that require further explanation this month. More information can be expected in next month's edition of this article. We will also include provisional impacts for upcoming improvements and data updates that will be implemented into public sector finance statistics in September.

4 . Review of emerging issues in the economy

Fiscal risks and sustainability report

On 8 July 2025, the Office for Budget responsibility (OBR) released their [Fiscal risks and sustainability report](#). In Chapter 3 of the report, the OBR described the risks in the context of the UK government's new fiscal rule referencing public sector net financial liabilities (PSNFL). We recently discussed our plans for developing the PSNFL statistic in our article [Looking ahead – developments in public sector finance statistics: 2025](#).

These include plans for the implementation of the National Wealth Fund, the British Business Bank and the Development Bank of Wales in the Public Sector Finance (PSF) statistics. We aim to provide provisional impacts on the fiscal aggregates of including the public sector development banks in our [Economic statistics classifications and developments in public sector finances article](#), which will be released on 21 August 2025.

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: 2025](#)

Article | Released 27 June 2025

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 22 July 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 | 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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