

Article

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

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



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Release date:
21 June 2023

Next release:
21 July 2023

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1 . Overview

This article increases transparency around our current methodology work, including the implementation of the reclassification of Bulb Energy Limited into the public sector, and provides 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 4: Energy policy announcements](#)), increased both PSNB and PSND.

2 . 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 implemented into the public sector finances this month and describes the impacts of those changes on the latest estimates of the fiscal aggregates.

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](#).

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

This month, we have implemented the classification decision of Bulb Energy Limited (Bulb) in 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, see our [Recent and upcoming changes to public sector finance statistics: March 2023 article](#).

Previously, we recorded 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 are now recorded as other capital transfers by central government to public corporations.

In addition, the output of Bulb and other relevant transactions are now 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, 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. At present, we have only implemented 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 to complete the classification process and establish the impact on the public sector finances.

Table 1: Impacts of the classification change for Bulb Energy implemented 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	0.4	-0.4
2022 to 2023	0.0	-0.2	-0.2	0.0	0.4	-0.4

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 inclusion 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. This has resulted 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, the inclusion of Bulb has reduced public sector net worth (PSNW) by £0.4 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 FYE March 2023, where the implementing reclassification reduces PSNB by £0.2 billion. The impact on PSND falls from an increase of £0.1 billion in FYE March 2022 to £0.0 billion in FYE March 2023.

This month's impacts are different to the provisional impacts published in our [Recent and Upcoming Changes to public sector finances: April 2023 article](#). This is because of updated information about the reclassification. For example, as stated in last month's article, the provisional impacts assumed that the data source for public corporations' holdings of currency and deposits had not yet reflected the reclassification of Bulb. We have now confirmed that the data source does already include the relevant data to reflect the classification decision which took effect in November 2021, the date that Bulb entered the SAR. This means that the implementation in June 2023 of the reclassification has had no further impact on the aggregate level of holdings of currency and deposits for the public corporations subsector.

There is a time lag between the end of the financial year and the publication of annual accounts, which are a key data source for public non-financial corporations in the public sector finances. This means that data for Bulb, apart from capital transfers received from central government, has been estimated for FYE March 2023 onwards. The data are therefore subject to revisions when more information becomes available, for example, when annual accounts are published.

Changes to public sector funded pensions data

This month, we have implemented updates to public sector funded pensions data. These changes reflect data updates related to the Local Government Pension Scheme (LGPS) actuarial valuation, and methodological improvements already implemented 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, see our [Pensions in the public sector finances: a methodological guide](#).

The methodological improvements to pensions data, first published in the UK National Accounts as part of 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, see our [Insurance and pensions methods changes: 1997 to 2020 methodology](#).

The impacts of these combined updates to pensions on the fiscal aggregates are shown in Table 2. The implementation of these changes will revise our pensions estimates 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 methodological improvements to pensions data published in the National Accounts. For the FYE March 2014 to FYE March 2021, the revisions to the fiscal aggregates are a result of both the National Accounts improvements and the updated LGPS actuarial valuation data. The two most recent financial years are based on forecast data, which has been modelled using the improved pensions dataset. Therefore, the revisions in these two years are influenced by both changes. The estimates are highly provisional until new outturn data becomes available.

In combination, these changes have resulted in revisions to public sector net borrowing (PSNB) and public sector net financial liabilities (PSNFL). The updated actuarial data is contributing to the notable revisions for FYE March 2018, increasing the value of PSNB by £1.0 billion, and increasing PSNFL by £13.5 billion in the same year. This is caused by increases in the value of pension liabilities and the associated effects on imputed expenditure on social contributions.

The largest revisions to PSNB occur in FYE March 2022 and FYE March 2023, increasing PSNB by £1.4 billion and £1.8 billion, respectively. In FYE March 2022, PSNFL will also be revised down by £15.2 billion.

The impact of these combined changes to pensions on public sector net worth (PSNW) is equal, and opposite to the revisions on PSNFL. This is because pensions' non-financial asset data has not been updated as part of this month's change. However, updated data is expected to be available by September 2023, in time to be included as part of our annual data update later this year.

The impacts presented in this month's article are different from the provisional estimates published last month in our [Recent and upcoming changes to public sector finances: April 2023 article](#). As stated, we planned to continue working on the pensions update prior to this month's implementation, and therefore the impacts were subject to change.

When comparing the provisional impacts to those presented in this month's article, the most significant differences occur in FYE March 2022 and FYE March 2023. This is because we have received updated forecast data, which incorporates both the National Accounts improvements and updated actuarial valuation data. This has changed the impacts on the fiscal aggregates for the latest two financial years.

Table 2: 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	2.0	-2.0
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	1.0	-1.0
2020 to 2021	0.2	0.0	0.2	0.0	-5.1	5.1
2021 to 2022	1.4	0.0	1.4	0.0	-15.2	15.2
2022 to 2023	1.8	0.0	1.8	0.0	8.2	-8.2

Source: Public sector finances from the Office for National Statistics

Notes

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 process 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 aim to update pensions estimates again in September 2023, as part of annual data updates. These factors in combination mean that the pensions estimates are prone to revisions, particularly those for the most recent years.

3 . Public sector pay deals

On 2 May 2023, the UK government and the National Health Service (NHS) Staff Council reached an agreement on a pay deal. The pay deal will include payment to NHS workers in England of a non-consolidated amount relating to the financial year ending (FYE) March 2023, and a consolidated amount relating to FYE March 2024. Both amounts are expected to be paid to eligible staff from June 2023.

In line with international statistical guidance, we have recorded the non-consolidated amount of £2.7 billion as expenditure by central government (through wages and salaries) in May 2023, the month the pay deal was reached. The consolidated amount of £1.3 billion will be reflected in the public sector finances as an increase across the whole financial year. For further information on the NHS pay deal, see the [NHS Employers. NHS pay deal in England – frequently asked questions](#) and the [NHS strikes 2023 blog by the Department of Health and Social Care](#).

The NHS pay deal is one of several public sector pay deals that have been reached. We will record other notable cases using the same approach, as in the example of the NHS pay deal, provided the relevant data are available.

4 . 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.
- The Alternative Fuel Payment Scheme for non-domestic customers, classified as other miscellaneous current transfers from 1 February 2023

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

5 . Classification announcements

The following bodies were classified to the central government (S.1311) subsector in May 2023:

- Passengers' Council (operating as Transport Focus) as of 25 February 2010
- Public Health Scotland as of 1 April 2020

The following disbanded (Former central government) bodies were removed from the Public Sector classification framework in May 2023:

- NHS Health Scotland Board as of 1 April 2020
- Rail Passengers' Council as of 25 February 2010

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

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 31 May 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 21 June 2023, ONS website, article, [Recent and upcoming changes to public sector finance statistics: May 2023](#)