

Article

# Recent and upcoming changes to public sector finance statistics: November 2023

Covers the Autumn Statement 2023, December 2023 data updates, impacts on government spending and debt, and classification announcements.



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## Table of contents

1. [Overview](#)
2. [Autumn Statement 2023](#)
3. [Updates to public sector finances statistics](#)
4. [Classification announcements](#)
5. [Related links](#)
6. [Cite this article](#)

# 1 . Overview

This article increases transparency around our current methodology work, the implementation of classification decisions into the public sector, and provides impacts on the 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 bring PSF statistics closer in line with government's true fiscal exposure, as measured by the fiscal aggregates, such as public sector net borrowing (PSNB), or public sector net debt (PSND).

Today, we have published our [Looking ahead – development in public sector finance statistics: 2023 article](#). This article contains our forward work plan, providing information about the areas of fiscal statistics that we aim to review and improve in the next two years, and over the longer term.

## 2 . Autumn Statement 2023

On 22 November 2023, the UK government announced changes to some existing taxes, benefits and to a range of other policies in the [Autumn Statement 2023, published on GOV.UK](#).

Changes in the rates of taxes, National Insurance contributions and benefits will be reflected in the public sector finances at the earliest opportunity, effective from the dates when the new terms apply.

The UK government announced a consultation on a public consolidator for defined benefit pension funds in a new statutory vehicle run by the Pension Protection Fund (PPF). We will review this policy when more information becomes available to fully evaluate the impact it may have on our statistics.

Plans to establish a Growth Fund within the British Business Bank (BBB), designed to increase investment opportunities for pension schemes, were also announced. We will review the potential future impact of the Growth Fund on the public sector finances when further details become available.

The UK government expects to transfer the Northern Rock asset management and Bradford and Bingley funded pension schemes, held by UK Asset Resolution Ltd (UKAR), to an unfunded central government scheme by the financial year ending 2026. The UKAR is classified in the central government subsector, therefore the relevant schemes are included in our statistics for public sector funded pensions. Any transfer related to these schemes will need to be reflected in our public sector pensions statistics. We will review the potential impact of the UKAR pension scheme transfer on the public sector finances when further details become available.

The UK government also announced that it intends to fully exit its shareholdings of NatWest Group by the financial year ending 2026, by way of a share sale to retail investors. We will establish the impact of the share sales on the public sector finances when further details become available.

For more information on these policies, and others announced in the 2023 Autumn Statement, see the Government's [Autumn Statement 2023 policy paper](#).

### Review of public sector pensions methodology

We are undertaking a targeted review of the method and the calculations of public sector funded pensions to establish whether any amendments to the way that we process this data are required. We will provide further information in due course, within a future edition of this article. The review is expected to be conclude by the end of March 2024.

## 3 . Updates to public sector finances statistics

## Recording of OECD Pillar 2 taxes

In the [Autumn Statement 2022](#), the UK government announced plans to implement the globally agreed G20-Organisation for Economic Cooperation and Development (OECD) inclusive Pillar 2 framework in the UK. The framework is designed to limit opportunities for multinational enterprises (MNEs) to benefit from cross-border profit shifting and tax planning. For more information, see His Majesty's Revenue and Customs' (HMRC) [policy paper on the UK adoption of OECD's Pillar 2 reforms](#). This implementation includes the introduction of two new taxes, a multinational top-up tax and a domestic top-up tax, effective from any accounting periods starting on or after 31 December 2023.

The multinational top-up tax will be applicable where a UK parent member has an interest in entities located in a non-UK jurisdiction. Where the group's profits arising in that jurisdiction are taxed at below the minimum rate of 15%, the parent member will be charged a top-up tax of the amount required to achieve a 15% minimum tax rate.

The domestic top-up tax will be applicable to UK members within a domestic or multinational enterprise group. Where the group's profits arising in the UK are taxed at below the minimum rate of 15%, a top-up tax will be charged to bring the tax paid by the group to the minimum tax rate of 15%.

We plan to include estimates for these taxes in our public sector finances statistics from January 2024. The statistical classification of these taxes is subject to a classification assessment. As an interim measure, we will provisionally record them both within the same category as onshore corporation tax.

## Data updates in December 2023

This month we have implemented data updates for coronavirus (COVID-19) loan guarantees, public private partnerships (PPPs) and Pool Reinsurance Company Limited (Pool Re) into the public sector finances. While we aim to package our annual data updates in September, this is not always possible. To ensure that the public sector finances are kept up to date, we have implemented data updates where data are available this December.

## COVID-19 loan guarantees

This month we have updated our estimates for COVID-19 loan guarantees. Updated annual accounts data have led to revisions for the financial year ending (FYE) March 2023, as well as some small revisions for FYE March 2022. The impacts of this data update are presented in Table 1.

The impacts of this data update are largest in the FYE March 2023, where both public sector net investment (PSNI) and public sector net borrowing (PSNB) increase by £1 billion. There is also a £1.1 billion decrease in public sector net financial liabilities (PSNFL), with an equal and opposite impact on public sector net worth (PSNW).

This data update also affected our estimates for FYE March 2022, although the impact was not as large. There has been a £0.1 billion increase in both PSNI and PSNB in this year, with no impact on PSNFL or PSNW in this period.

There has been no impact on public sector current budget deficit (PSCBD) or public sector net debt (PSND) in either financial year.

Table 1: Impacts of updates to coronavirus (COVID-19) loan guarantees data on the latest estimates of the headline fiscal aggregates, UK

|                     | <b>PSCBD ex</b> | <b>PSNI ex</b> | <b>PSNB ex</b> | <b>PSND ex</b> | <b>PSNFL ex</b> | <b>PSNW ex</b> |
|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|
| <b>2021 to 2022</b> | 0               | 0.1            | 0.1            | 0              | 0               | 0              |
| <b>2022 to 2023</b> | 0               | 1              | 1              | 0              | -1.1            | 1.1            |

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.

## Public-private partnerships

We have also updated our estimates for public-private partnerships (PPPs). We have incorporated annual account data for FYE March 2022, which has caused small revisions to our outturn data in FYE March 2021 and March 2022, as well as our forecasts for FYE March 2023. The impacts of this data update are presented in Table 2.

As data for PPPs relates specifically to loan liabilities, the impact of this data update is confined to the balance sheet aggregates. The largest impacts are in FYE March 2022, where this data update reduces PSND and PSNFL by £1.5 billion, with an equal and opposite impact on PSNW. The data update also affects our estimates in FYE March 2021 and March 2023. While the impacts in these years are not as large as in FYE March 2022, they are still substantial, with a £1 billion decrease in PSND and PSNFL in FYE March 2021, and a £0.9 billion decrease in FYE March 2023, with an equal and opposite impact on PSNW in both years.

Table 2: Impacts of data updates to public-private partnerships on government's balance sheet on the latest estimates of the headline fiscal aggregates, UK

|                     | <b>PSCBD ex</b> | <b>PSNI ex</b> | <b>PSNB ex</b> | <b>PSND ex</b> | <b>PSNFL ex</b> | <b>PSNW ex</b> |
|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|
| <b>2020 to 2021</b> | 0               | 0              | 0              | -1             | -1              | 1              |
| <b>2021 to 2022</b> | 0               | 0              | 0              | -1.5           | -1.5            | 1.5            |
| <b>2022 to 2023</b> | 0               | 0              | 0              | -0.9           | -0.9            | 0.9            |

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.

## Estimates for Pool Reinsurance Company Limited

With the release of updated annual accounts for the financial year ending (FYE) March 2023, we have updated our estimates for Pool Reinsurance Company Limited. This data update also includes restated data for FYE March 2022. The impacts of this data update are presented in Table 3.

This data update has a notable impact on only the balance sheet aggregates. In FYE March 2022 this data update has a relatively small impact, with the only impact being a £0.1 billion increase in PSND in this period. The impacts are more substantial in FYE March 2023, where there is a £0.5 billion impact on PSND in this period. There is also a £0.1 billion decrease in PSNFL in this period, with an equal and opposite effect on PSNW.

Table 3: Impacts of updates to Pool Reinsurance Company Limited data on the latest estimates of the headline fiscal aggregates, UK

|              | PSCBD ex | PSNI ex | PSNB ex | PSND ex | PSNFL ex | PSNW ex |
|--------------|----------|---------|---------|---------|----------|---------|
| 2021 to 2022 | 0        | 0       | 0       | 0.1     | 0        | 0       |
| 2022 to 2023 | 0        | 0       | 0       | 0.5     | -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.

## 4 . Classification announcements

### Organisations and institutional units

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

- Prisons and Probation Ombudsman, as part of its controlling body, the Ministry of Justice, with effect from 1 May 1994
- Victims' Commissioner for England and Wales, as part of its controlling body, the Ministry of Justice, with effect from 1 May 2010
- Office of the Public Guardian (England and Wales), with effect from 1 October 2007

### Transactions and schemes

The following transactions were classified in October 2023:

- Enduring Power of Attorney registration charges as payment for non-market output (P.131), with effect from 1 October 2007
- Lasting Power of Attorney registration charges as payment for non-market output (P.131), with effect from 1 October 2007

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

Further classification announcements were published on 19 December 2023 in our [Economic statistics sector classification - classification update and forward work plan: December 2023 article](#). These will be discussed in the next edition of our Recent and upcoming changes to public sector finance statistics article.

For more information on what these classifications mean (including the full ESA 2010 publication), see the publication details of the [European system of accounts -- ESA 2010 on the Eurostat website](#).

## 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 19 December 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. [Back to table of contents](#)

## 6 . Cite this article

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