

Article

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

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

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Release date:
19 December 2025

Next release:
To be announced

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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 \(SNA 2008\)](#), 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 section. For more information on classification decisions, see our [Public sector classification guide \(713.4 KB xlsx\)](#). 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.

There is a high demand for classification assessments, and we progress many active cases at the same time, with new cases often arising. These include confidential assessments of policy proposals developed by the UK government and devolved administrations, as explained in our [classification process methodology](#).

The Office for National Statistics (ONS) does not announce policy proposal assessments to give policymakers capacity to develop policy. When a policy is implemented, it will be classified and published in the public sector classification guide. We assessed one policy proposal through the Economic Statistics Classification Committee during 2025, and provided provisional advice on 13 other proposals.

New economic statistics classifications article

Our [Defining the boundary between the general government sector and public non-financial corporations in economic statistics](#) article was published on 28 November 2025. This article explains how an entity under public sector control is classified as either a market or non-market producer.

Organisations - Institutional units

Infected Blood Compensation Authority

The Infected Blood Compensation Authority (IBCA) was established to deliver financial redress to those affected by contaminated blood products in the UK. The IBCA authorises the payments under the Infected Blood Compensation Scheme, which we classified in September 2025.

Our classification assessment concluded that the IBCA has the requisite autonomy of decision to be an institutional unit, and is subject to public sector control, as the IBCA Chair and Board are all appointed by the Cabinet Office.

The IBCA is a non-market producer, as it is wholly funded by the Cabinet Office. Therefore, the IBCA has been classified to the central government subsector with effect from 24 May 2024, the date the [Victims and Prisoners Act 2024](#) received Royal Assent.

Voluntary grammar and grant maintained integrated schools (Northern Ireland)

Voluntary grammar (VG) and grant maintained integrated (GMI) schools are providers of education in Northern Ireland.

Our classification assessment concluded that VG and GMI schools have the requisite autonomy of decision to be institutional units. They are subject to public sector control as the Department of Education in Northern Ireland has the power to decide on development proposals, including any proposal to close a school. These schools are non-market producers, as any additional funds they receive, alongside government funding and grants, were not considered to be economically significant.

VG and GMI schools in Northern Ireland have been classified to the central government subsector with effect from 26 March 1986, the date [The Education and Libraries \(Northern Ireland\) Order 1986](#) received Royal Assent.

Forward work plan

The [Forward work plan \(47.2 KB xlsx\)](#) 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.

The Infected Blood Compensation Authority has been removed from the forward work plan following its classification this month.

The following cases have been added to the forward work plan this month.

Extended producer responsibility for packaging

[The Producer Responsibility Obligations \(Packaging and Packaging Waste\) Regulations 2024](#) came into force on 1 January 2025 and applies to all countries in the UK.

Nuclear RAB levy

The [Nuclear Regulated Asset Base Model \(Revenue Collection\) Regulations 2023](#), which came into force on 23 March 2023, established a regulated asset base (RAB) mechanism to fund nuclear projects. The Sizewell C nuclear power plant will be the first to proceed under this framework. A Nuclear RAB levy will be applied to electricity bills in Great Britain from [1 November 2025](#).

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

Update of funded public sector pension estimates

In December 2025, we updated our estimates of funded public pensions in the public sector finance (PSF) statistics. This change affects our estimates of the fiscal aggregates from financial year ending (FYE) March 2023 onwards.

Pensions differ from most elements of fiscal statistics because they rely heavily on actuarial modelling. Most pensions in the public sector are provided by defined benefit (DB) schemes. DB pension schemes use a formula to determine the benefits payable to each of the scheme's members. The formula often includes factors such as salary (either career average or final), length of service, and age at retirement, among others. This means the size of the pension liability depends on demographic assumptions, such as life expectancy, economic assumptions, such as pre-retirement wage of the scheme members, and discount rates used to value the future liability.

Actuarial valuation is a complex process. Most public sector schemes, such as the Local Government Pension Scheme (LGPS), conduct it every three to four years. This creates a considerable time lag in the availability of the actuarial estimates and their subsequent conversion to the statistical valuation. Until these valuations become available, we forecast the pension liability using our best knowledge of the economic climate. This is often based on the independent Office for Budget Responsibility's (OBR) forecast.

In addition to aligning our estimates with the OBR forecast published in November 2025, we have also included the latest data from our Financial Survey of Pension Schemes and the audited annual financial statements of the Pension Protection Fund and the National Employment Savings Trust for the FYE March 2025.

In combination, these updates have reduced the estimate of public sector net financial liabilities (PSNFL) for the FYE 2024/25 by £1.1 billion and public sector net debt (PSND) by £5.4 billion. The larger decrease in PSND was caused by the relatively higher proportion of investments in gilts than had been suggested by the earlier provisional estimates.

With regards to the flow aggregates, the estimate of public sector current budget deficit (PSCBD) for FYE 2024 /25 was decreased by £0.9 billion and public sector net borrowing (PSNB) decreased by £0.4 billion.

4 . Review of emerging issues in the economy

Budget 2025

On 26 November 2025, the Chancellor of the Exchequer presented the Budget 2025, outlining the UK government's plans for taxation and public spending. The budget included changes to some existing taxes, benefits, and to a range of other policies. These will be reflected in the public sector finances (PSF) at the earliest opportunity, effective from the dates when the terms apply. Many of these changes will be automatically captured in our data, as they are simple increases or decreases of government revenue or expenditure. However, some may require a consideration of statistical methodology to incorporate them into the PSF dataset. We will provide information on such changes or developments in later editions of this article, when further information becomes available. In this edition is a subset of measures whose treatment in fiscal statistics deserves immediate explanation.

The Budget 2025 maintains the Industrial Strategy and spending commitments from the 2025 spending review. This includes Wylfa, in North Wales, which will host the UK's first small modular reactor project, and the Sizewell C reactor in Suffolk, which will begin full scale construction and fusion research. These investments are in line with the government's pledge to strengthen the UK's nuclear capacities to increase energy security.

Additional funding of £891 million has been allocated to the Lower Thames Crossing road building project, and £300 million to the NHS, including building 250 new Neighbourhood Health Centres. These centres will use a combination of public sector funding, and a new model of public-private partnerships.

We will assess the appropriate statistical treatment of these projects through an established classification process explained in our article [UK economic statistics sector and transaction classifications: the classification process](#). This will include the consideration of whether the projects should be recorded "on" or "off" the government balance sheet.

The Budget 2025 also announced significant tax changes. We will assess and formally classify these as they are introduced over the coming years. They include:

- A High Value Council Tax Surcharge, a new charge on owners of residential properties valued over £2 million, collected by local authorities on behalf of central government.
- New powers given to mayors in England to raise a "visitor levy" on overnight accommodation.
- The Electric Vehicle Excise Duty, a new mileage for electric and plug-in hybrid vehicles, paid on a per mile basis, alongside existing Vehicle Excise Duty.
- The Vaping Products Duty, a flat rate charge on all vaping liquid.
- Duties for remote gambling will increase, separated across remote betting and remote gaming. Remote Gaming Duty will increase from 21% to 40%, and a new Remote Betting Rate will be introduced at 25%.
- An annual £925 per student levy will be placed on Higher Education income from international students, with an allowance made for the first 220 international students per provider each year.

Additionally, changes will be made to Self-Assessment tax, with Pay As You Earn taxpayers (PAYE) to pay more of their Self-Assessment liabilities in year via PAYE. This change will take place from April 2029, with new consultation released in early 2026. The Office for National Statistics (ONS) will review the new time of recording for these payments.

A new National Housing Bank, headquartered in Leeds, is receiving a £16 billion investment to catalyse private investment in the housing market. In addition, the government will create three other new institutions. The Fair Work Agency, investigating breaches of employment rights, the Office for the Impact Economy, partnering departments with investors, and the Office for Investment, providing support for international finance firms. The ONS will assess the classification of these institutions.

Under the Youth Guarantee and Growth Skills Levy, £1.5 billion is being assigned for additional employment and skills support. This includes a Jobs Guarantee scheme, offering six-month work placements for 18 - 21-year-olds who have been on Universal Credit and seeking work for 18 months. This will cover all employment costs for 25 hours a week at minimum wage. We will review the treatment of economic transaction associated with these schemes.

Liabilities managed by the Atomic Weapons Establishment pension scheme and the Nuclear Liabilities Fund will no longer be funded, though the terms and benefits for pension scheme members remain unchanged, and the government still holds obligation to pay the liabilities when they are due. Unfunded pension schemes are treated differently from funded schemes in economic statistics. We will therefore review the treatment of this change and its impact on the fiscal aggregates. More information about the recording of pension schemes is available in our article [Pensions in the public sector finances: a methodological guide](#).

The government will transfer the Investment Reserve Fund in the British Coal Staff Superannuation Scheme to the scheme's trustees, paid out as additional pension to the scheme members. The ONS will assess and offer more explanation on this transfer when it takes place.

CPI-linked increases, capped at 2.5% a year, will be introduced on pre-1997 pensions accruals in the Pension Protection Fund and Financial Assistance Scheme, where their original schemes provided this benefit. This measure, alongside the announced freezing of the repayment threshold for Plan 2 student loans from April 2027, may change the estimates of government assets and liabilities. As well as resulting in a change to PSNFL when implemented, policy-related balance sheet changes typically lead to the recording of an imputed capital transfer to capture the implicit wealth transfer element of these policies. We will provide further information on the recording when we update the associated estimates in the PSF statistics.

For more information on these policies, and others announced in the Budget 2025, see the UK Government's [Budget 2025 document \(PDF, 1.58MB\)](#).

For 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 email at 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: 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 19 December 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.

[Defining the boundary between the general government sector and public non-financial corporations in economic statistics](#)

Article | Released 28 November 2025

Explains how an entity under public sector control is classified as either a market or non-market producer.

[Classification review of universities in the UK](#)

Statement | Updated 19 December 2024

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

6 . Cite this article

Office for National Statistics (ONS), 19 December 2025, ONS website, article, [Economic statistics classifications and developments in public sector finances: November 2025](#)