

Article

# Economic statistics sector classification – classification update and forward work plan: April 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.

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## Table of contents

1. [Introduction](#)
2. [Forward work plan](#)
3. [Classification update](#)
4. [Cite this article](#)

# 1 . Introduction

Our economic statistics are produced in accordance with international rules and guidance. Central to this are the rules set out in the [United Nations System of National Accounts \(SNA\) 2008](#), the [European System of Accounts \(ESA\) 2010](#) and the accompanying [Manual on Government Deficit and Debt \(MGDD\) 2019](#). These include rules on classifying statistical units (organisations or bodies) and the transactions they engage in. A summary of these, and our approach to their application, can be found on our [Economic statistics classifications web page](#).

Our [Forward work plan \(XLS, 129KB\)](#) sets out the organisations and transactions that we expect to assess and classify in the next 12 to 18 months. Please note that classification priorities can change quickly, and the expected dates of completion are only indicative at the time of publication. There is 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 government and devolved administration policy proposals, as explained in our [classification process](#).

We do not announce or discuss such policy proposal assessments to give policymakers the space to develop policy. When a policy is implemented, we will publish a classification decision. You can read our [Public sector classification guide \(XLS, 3.1MB\)](#) for more information.

The forward work plan does not cover all cases that will arise over the next 12 to 18 months; cases that are likely to have a smaller statistical and policy impact will be assessed as resources allow. The cases scheduled in this article have been prioritised because of the impact they will have on important statistics and their importance to public policy.

## 2 . Forward work plan

There are five additions to the forward work plan this month:

- the transfer of Bulb Energy Limited
- prepayment meter bill charges
- Great British Nuclear
- Green Gas Levy
- clean air zone charges

The Energy Bills Discount Scheme and ScotRail have been removed from the forward work plan.

## 3 . Classification update

### Energy Bills Discount Scheme

The Office for National Statistics (ONS) has completed an assessment of the Energy Bills Discount Scheme (EBDS). The EBDS offers support to non-domestic customers in the UK, by applying a per-unit discount to their energy bills, subject to a maximum discount. The discount will be applied if wholesale prices are above a given price threshold.

The EBDS has three parts:

- the baseline discount which is automatically applied to the bills of eligible customers
- the Energy and Trade Intensive Industries (ETII) discount, which provides a higher level of support for ETII
- the Heat Network discount, which provides a higher level of support to heat networks with domestic end customers

This scheme replaces the Energy Bill Relief Scheme (EBRS), which supported businesses and organisations from 1 October 2022 to 31 March 2023. The EBDS will operate from 1 April 2023 to 31 March 2024.

The assessment acknowledged that the EBDS provides a discount on unit prices of electricity and gas, after comparing a government price threshold per megawatt hour with the relevant wholesale price, and is paid to energy suppliers rather than businesses and non-domestic customers.

In accordance with the System of National Accounts (SNA) 2008 7.100 and the European System of Accounts (ESA) 2010 4.33, the assessment therefore determined that the scheme payments are classified as Subsidies on products (D.31). These are from the central government subsector (S.1311) to energy suppliers (in Standard Industrial Classifications (SIC) 35.14 and 35.23) in the public non-financial corporations subsector (S.11001) and the private non-financial corporations subsector (S.11002).

The assessment recognised that the Heat Network discount takes a different approach to the other parts of the EBDS, or the previous EBRS, but it retains the characteristic of reducing per-unit energy costs charged by energy suppliers to customers. As such, all parts of the EBDS have been classified in the same way. This decision is effective from 1 April 2023 to 31 March 2024.

## Scottish Rail Holdings Limited

The ONS has undertaken a classification assessment of Scottish Rail Holdings Limited (SRH), which has been set up with the purpose of overseeing the governance of train operating companies under [Section 30 of the Railways Act 1993](#). The assessment followed the announcement by Transport Scotland on 17 March 2021 that the ScotRail franchise would transfer from Abellio ScotRail Ltd to ScotRail Trains Limited (SRT), a wholly owned subsidiary of SRH. The transfer of ScotRail services took effect from 1 April 2022.

The assessment concluded that SRH:

- has sufficient autonomy of decision to be an institutional unit, and is a head office in accordance with ESA 2010 2.14(a)
- is subject to public sector control, for reasons including that SRH is a company limited by shares, and its sole shareholder is the Scottish Ministers

As a public head office, which controls mostly non-market subsidiaries (as described in the classification of SRT), SRH has been classified to the central government subsector (S.1311) in accordance with the Manual on Government Deficit and Debt (MGDD) 2019 1.6.3.1,14. This decision takes effect from 1 April 2022, the commencement date of the Grant Agreement and the date on which ScotRail services were transferred.

## ScotRail Trains Limited

The ONS has undertaken a classification assessment of ScotRail Trains Limited (SRT), which provides services for railway passengers and operates specific railway stations and light maintenance depots. The assessment followed the announcement by Transport Scotland on 17 March 2021 that the ScotRail franchise would transfer from Abellio ScotRail Ltd to SRT, a wholly owned subsidiary of Scottish Rail Holdings Limited (SRH). The transfer of ScotRail services took effect from 1 April 2022.

The assessment concluded that SRT:

- has sufficient autonomy of decision to be an institutional unit in accordance with SNA 2008 4.2 and ESA 2010 2.12
- is subject to public sector control, for reasons including that SRT is a wholly owned subsidiary of SRH, which is wholly owned by the Scottish Ministers
- is a non-market producer, in accordance with ESA 2010 3.19, as indications are that less than 50% of its production costs are expected to be covered by sales

As such, SRT has been classified to the central government subsector (S.1311). This decision takes effect from 1 April 2022, the commencement date of the Grant Agreement and the date on which ScotRail services were transferred.

## **Zero Waste Scotland Limited**

Zero Waste Scotland Limited's role is to deliver on the Scottish Government's policies and strategies for the circular economy, waste reduction and resource efficiency. Zero Waste Scotland Limited works closely with businesses, public bodies, and communities in Scotland.

The ONS has assessed the classification status of Zero Waste Scotland Limited and has concluded that Zero Waste Scotland Limited is:

- an institutional unit
- subject to public sector control for reasons including that, for so long as the Scottish Ministers are a member of the company, any appointment of a director of the company must be approved by the Scottish Ministers in advance (SNA 4.92 (a) and ESA 2010 20.15 (a))
- a non-market producer, as it is majority funded by the Scottish Government and covers less than 50% of its production costs from sales (ESA 2010 3.19)

As such, Zero Waste Scotland Limited has been classified to the central government subsector (S.1311) with effect from 16 November 2017. This is the date on which ministerial approval of the appointment of directors began, following the passing of a special resolution.

## **Changes to UK government departments**

In 2023, UK government department structures were changed and four new departments have been added to our Public sector classification guide:

- Department for Business and Trade
- Department for Culture, Media and Sport
- Department for Energy Security and Net Zero
- Department for Science, Innovation and Technology

In accordance with SNA 2008 4.136 and ESA 2010 2.114, these ministerial departments have been classified to the central government subsector (S.1311). These decisions are effective from 1 April 2023, when accounting officer responsibilities formally transferred from the legacy departments to the new departments.

## 4 . Cite this article

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