

Article

Economic statistics sector classification – classification update and forward work plan: June 2023

Contact:
Helen Meaker
econstats.classifications@ons.
gov.uk
+44 1633 456763

Release date:
30 June 2023

Next release:
31 July 2023

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 \(XLS, 130.6KB\)](#) 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 \(XLS, 3.2MB\)](#) for more information.

This month, we are also publishing a preliminary version of our [new more transparent and accessible format](#) of the Public sector classification guide. We are publishing both the existing and new structures to enable users to compare across the old and new formats. We will then be transferring over to the new structure permanently from July 2023 onwards.

Please be aware that content is still being finalised and may be subject to change. Therefore, please refer to the existing PSCG for classification decisions. If you have any comments on the new structure, please email us at econstats.classifications@ons.gov.uk.

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

Ferguson Marine (Port Glasgow) Limited has been added to the forward work plan.

There are three deletions from the forward work plan this month:

- Northern Ireland Water Companies
- Pool Reinsurance (Nuclear) Limited
- Pre-Payment Meter Bill Charges

3 . Classification update

Energy Price Guarantee Pre-Payment Meter Discount in Great Britain

The Office for National Statistics (ONS) has undertaken a classification assessment of the Energy Price Guarantee (EPG) Pre-Payment Meter (PPM) Discount, which takes effect from 1 July 2023 until 31 March 2024. This Discount being reviewed by the UK government every three months. The EPG PPM Discount provides a unit rate discount to households in Great Britain, incorporating the differences between PPM and direct debit payment costs in both unit rates and standing charges.

The EPG PPM Discount is available to all PPM customers, and it would be possible for any customer to apply for a pre-payment meter to be installed in their property. The EPG PPM Discount, therefore, addresses a cost difference between different payment types, rather than a social need or policy. The EPG PPM Discount was therefore not considered to be a Social transfer in kind (D.632).

The assessment considered that the EPG PPM Discount should be classified as Subsidies on products (D.31), because the discount is payable per unit, and the payment to energy suppliers therefore varies in line with the number of units of gas supplied. This is consistent with SNA 2008 7.100 and ESA 2010 4.33, which states that subsidies on products can be expressed in various ways, including:

- a specific amount of money per unit of quantity of a good or service
- a specified percentage of the price per unit or
- the difference between a specified target price and the market price paid by a buyer.

The EPG PPM Discount will not apply in Northern Ireland because of the specific circumstances of the energy market. The government has concluded the difference between the costs faced by PPM and direct debit users does not exist in Northern Ireland in the same way that it does in Great Britain.

Armed Forces Covenant Fund Trust

The Armed Forces Covenant Fund Trust supports the Armed Forces Covenant, by delivering funding programmes to Armed Forces communities across the UK. The Armed Forces Covenant is a promise by the nation ensuring that those who serve or who have served in the Armed Forces, and their families, are treated fairly.

ONS has assessed the classification status of the Armed Forces Covenant Fund Trust and concluded that it is an institutional unit, which is subject to public sector control. Public sector control exists for reasons including that the Armed Forces Covenant Fund Trust is governed by a Board of Trustees, and the Trustees are appointed by the Secretary of State for Defence in accordance with the provisions of the public appointments process. The assessment also concluded that the Armed Forces Covenant Fund Trust is a non-market producer, because its activities are primarily financed by funds from the Ministry of Defence, HM Treasury and the Office for Veterans' Affairs.

As such, the Armed Forces Covenant Fund Trust has been classified to the central government subsector (S.1311) with effect from 7 February 2018, the date on which the organisation was established.

Independent Monitoring Authority for the Citizens' Rights Agreements

The Independent Monitoring Authority for the Citizens' Rights Agreements (IMA) monitors the application of European Union (EU), European Economic Area (EEA) and European Free Trade Agreement (EFTA) citizens' rights, and promotes the effective implementation of those rights in the UK.

ONS has assessed the classification status of the IMA and concluded that it is an institutional unit, which is subject to public sector control. Public sector control exists for reasons including that IMA Board Members are appointed by the Secretary of State for Justice in accordance with the Code of Practice for Ministerial Appointments in Public Bodies. Also the early termination of a non-executive member's appointment is at the discretion of the Secretary of State for Justice. The assessment also concluded that the IMA is a non-market producer, because its activities are primarily financed by grant-in-aid from the Ministry of Justice.

As such, the IMA has been classified to the central government subsector (S.1311) with effect from 31 December 2020, the date on which the organisation became operational.

Pool Reinsurance (Nuclear) Limited

Pool Reinsurance (Nuclear) Limited is a mutual reinsurance company which covers insurance companies against losses as a result of damage to or destruction of property either by fire or explosion, or both, where the proximate cause is an act of terrorism on insured nuclear sites registered in Great Britain.

In June 2023, the ONS assessed the sector classification status of Pool Reinsurance (Nuclear) Limited and concluded that the entity is under public sector control. This is because it administers a scheme which is designed by government in response to public policy objectives, and because Pool Reinsurance (Nuclear) Limited cannot cease to provide this reinsurance without approaching government. The assessment concluded that Pool Reinsurance (Nuclear) Limited carries out a limited range of activities in narrow conditions set by government. There was evidence of government influence and constraints on both the assets and liabilities of the entity, and aspects of the entity's operations which show that it does not act like a commercial insurance company.

For these reasons, Pool Reinsurance (Nuclear) Limited has been classified to the central government subsector (S.1311), in accordance with the Manual on Government Deficit and Debt 2019 1.6.6,47. The classification is effective from 24 July 1995, the date Pool Reinsurance (Nuclear) Limited was incorporated.

Northern Ireland Water Companies

ONS has assessed the classification status of the following three companies, all of which are part of the Northern Ireland Water Group:

- NI Water Clear Limited
- Northern Ireland Water Alpha Limited
- Dalriada Water Limited

The assessment concluded that both NI Water Clear Limited and Dalriada Water Limited do not have the necessary autonomy of decision in respect of their principal function to be institutional units. This conclusion was reached in accordance with SNA 2008 4.2 and ESA 2010 2.12, on the basis that the companies do not engage in economic activities beyond the remit of Project Alpha and do not have any employees. NI Water Clear Limited and Dalriada Water Limited are therefore considered to be part of Northern Ireland Water Limited (their controlling unit), which is classified to the central government subsector (S.1311), in accordance with ESA 2010 2.13c.

Northern Ireland Water Alpha Limited

Northern Ireland Water Alpha Limited (previously named Kelda Water Services (Alpha) Limited) is responsible for operating and maintaining four clean water treatment works in Northern Ireland, providing the required quantity of water to Northern Ireland Water Limited at each site, on behalf of Dalriada Water Limited. Both Northern Ireland Water Alpha Limited and Dalriada Water Limited are wholly owned by NI Water Clear Limited.

The assessment concluded that, in accordance with SNA 2008 paragraph 4.2 and ESA 2010 paragraph 2.12, Northern Ireland Water Alpha Limited has the necessary autonomy of decision to be an institutional unit. The assessment also concluded that Northern Ireland Water Alpha Limited is subject to public sector control, as it is a wholly owned subsidiary of NI Water Clear Limited, which itself is wholly owned by Northern Ireland Water Limited, which is classified to the central government subsector (S.1311).

The assessment further concluded that Northern Ireland Water Alpha Limited is a non-market producer, in accordance with ESA 2010 paragraph 3.19. This is because the company's income is derived solely from the monthly fee paid by Dalriada Water Limited, which is classified with Northern Ireland Water Limited to the central government subsector (S.1311).

As such, Northern Ireland Water Alpha Limited has been classified to the central government subsector (S.1311) with effect from 20 November 2017, the date on which the unit was purchased by NI Water Clear Limited, and the date on which officers from Northern Ireland Water Limited were appointed as directors of the company.

4 . Cite this article

Office for National Statistics (ONS), released 30 June 2023, ONS website, article, [Economic statistics sector classification – classification update and forward work plan: June 2023](#)