

Article

# Economic statistics classifications and developments in public sector finances: August 2025

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

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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 \(2008 SNA\)](#), 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 in this release. For more information on classification decisions, see our [Public sector classification guide \(731.0 KB XLSX\)](#). 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.

### Organisations - Institutional units

#### DfT Operator Limited

In 2019, the Department for Transport (DfT) established DfT OLR Holdings Limited (DOHL) as the operator of last resort, taking responsibility for train operating companies in England when they transferred into public ownership.

On 4 December 2024, the Secretary of State for Transport announced in [a written statement to parliament](#) that DOHL had changed its name to DfT Operator Limited (DfTO). Despite the name change, the function and structure of DfTO remains the same.

The assessment concluded that DfTO is subject to public sector control as it is wholly owned by DfT. Further, it was concluded that DfTO is a head office. This is because its principal activity is the management, support and governance of the train operating companies that are within DfTO's ownership. As such, DfTO has been classified to the dominant subsector of its subsidiaries, the public non-financial corporations subsector. This is effective from 4 December 2024, the date DOHL was renamed DfTO.

## Transactions and schemes

### Infected Blood Compensation Scheme payments

The Infected Blood Compensation Scheme (IBCS) was first established as part of the [Victims and Prisoners Act 2024](#). Through the Infected Blood Compensation Scheme Regulations of [2024](#) and [2025](#), the scheme provides compensation to individuals infected or affected by contaminated blood products in the UK during the 1970s, 1980s and early 1990s.

The assessment concluded that the IBCS payments are other capital transfers, as they are major payments in compensation for damage or injuries not covered by insurance policies. These payments of compensation consist of capital transfers paid by the central government subsector to the households sector. This classification is effective from 24 May 2024, the date the Victims and Prisoners Act 2024 received Royal Assent.

The classification assessment of the Infected Blood Compensation Authority is expected to be completed in quarter 4 (Oct to Dec) 2025.

### Disbanded or deleted entities

The following organisations have been listed as a disbanded or deleted entity in the public sector classification guide.

- DfT OLR Holdings Limited, with effect from 4 December 2024, the date it was formally renamed DfT Operator Limited.
- East Kent Housing, with effect from 13 April 2021, the date it was formally dissolved on Companies House.

### Forward work plan

The [Forward work plan \(42.0 KB XLSX\)](#) 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 [Spending Review](#) presented on 11 June 2025, confirmed the UK government's funding of a £500 million grant to Tata Steel UK towards the building of a new electric arc furnace in Port Talbot. Therefore, Tata Steel UK has been added to the forward work plan this month to consider how the characteristics of this grant funding agreement affect its sector classification for statistical purposes.

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](mailto: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

### Changes implemented in September 2025

This section provides information on the changes and data updates we implemented into the public sector finance (PSF) statistics in September 2025.

## Implementation of UK Development Banks into UK public sector finance statistics

We implemented the classifications of the British Business Bank, the UK Infrastructure Bank (renamed National Wealth Fund in 2024), and the Development Bank of Wales to the central government subsector, into the public sector finance (PSF) statistics, in September 2025. This development was previously announced in our [Looking ahead - developments in public sector finance statistics: 2025 article](#). It completes the first part of our review of public financial institutions, which are entities subject to the UK government's [Financial Transaction Control Framework](#).

Between 2021 and 2022, the Office for National Statistics (ONS) reviewed the statistical classification of the three public financial institutions, which resulted in each being classified to the central government subsector. Further information on the individual classifications, including the effective dates from which they apply, can be found in our [Public sector classification guide](#).

The classification resulted in the comprehensive recording of all transactions and balances associated with the three public financial institutions in the fiscal statistics. This improved treatment replaced the recording of government departments' net expenditure on these institutions, from the time they were established.

The impacts of this implementation on the fiscal aggregates are presented in Table 1. There are minor differences between these estimates and the provisional impact analysis published in the August edition of this article. The changes were a result of an improved identification and consolidation of stocks of assets and liabilities within the public sector. The figures for financial year ending (FYE) March 2025 reflect forecast data for the National Wealth Fund and the Development Bank of Wales, and reflect outturn data for the British Business Bank.

Table 1: Impacts of the classification of the British Business Bank, the Development Bank of Wales and the National Wealth Fund, to the Central Government subsector, introduced in September 2025, on the headline fiscal aggregates, UK

Financial year (£ billion)	PSCBD ex	PSNI ex	PSNB ex	PSND ex	PSNFL ex	PSNW ex
2014 to 2015	0.0	0.0	0.0	0.0	-0.7	0.7
2015 to 2016	0.0	0.0	0.0	0.0	-0.9	0.9
2016 to 2017	0.0	0.0	0.0	0.0	-1.5	1.5
2017 to 2018	-0.1	0.0	0.0	0.1	-2.0	2.0
2018 to 2019	0.0	0.0	0.0	0.1	-2.2	2.2
2019 to 2020	0.0	0.0	0.0	0.1	-2.6	2.6
2020 to 2021	0.1	0.0	0.0	0.1	-3.3	3.3
2021 to 2022	0.2	0.0	0.2	0.0	-4.4	4.4
2022 to 2023	0.0	0.0	0.0	0.0	-4.7	4.8
2023 to 2024	0.0	0.0	0.0	0.0	-5.7	5.7
2024 to 2025	-0.1	0.0	-0.1	0.0	-6.5	6.5

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.

Including the three public financial institutions within the public sector boundary revised our estimates of public sector net financial liabilities (PSNFL) and public sector net worth (PSNW) from FYE 2015. The impact on the fiscal measures has been increasing over time as the institutions' balance sheets increased in size. The PSF time series incorporated revisions from the financial year ending (FYE) 2014 for the British Business Bank, FYE 2017 for the Development Bank of Wales, and FYE 2020 for the UK Infrastructure Bank (renamed National Wealth Fund in 2024). The impact of this implementation was to reduce PSNFL by amounts ranging from £0.7 billion at the end of FYE March 2015 to £6.5 billion at the end of FYE March 2025. The main cause of this decrease is the growth of the banks' asset portfolios over time, mainly in the form of equity, loans and debt securities.

The implementation has also caused minor revisions to public sector net debt (PSND) across the time series. However, when rounded, the impact is only visible for FYE 2018 to FYE 2021, increasing PSND by £0.1 billion.

The implementation caused minor impacts across the time series to public sector net borrowing (PSNB) and public sector current budget deficit (PSCBD), with the largest impacts for these measures seen in FYE March 2022, with upward revisions of £0.2 billion. We expect to undertake further work beyond September 2025 to identify all instances of accounting revenues and losses, such as gains or losses on financial assets, which should not be included in the calculation of the fiscal aggregates. This work may result in minor retrospective changes to PSNB and PSCBD when it is completed.

Public sector net investment (PSNI) was affected by the treatment of [Start Up Loans](#), which are personal loans for business purposes provided through the British Business Bank. The issuing of these loans was partitioned into lending and capital transfer components, with the latter reflecting the estimated amounts unlikely to be repaid. These estimates are generally under £50 million per year and may not be visible in Table 1 because of rounding.

## Local Government Systems Development

We have developed an automated data ingestion and data cleaning system for local government revenue and expenditure data. As part of this system development, we have incorporated the best available source data and enhanced some processing methods to improve our estimates for the local government subsector. The system was integrated into live production this month, meaning these improvements are now reflected in the public sector finances.

Using the new local government system has led to data revisions from financial year ending (FYE) 2011 onwards. Earlier years are not affected because the detailed source information required for the new system is unavailable before FYE 2011. The impact on the fiscal aggregates is presented in Table 2.

Table 2: Impact of the local government systems development, introduced in September 2025, 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
2010 to 2011	0.7	0.4	1.1	0.0	-1.5	1.5
2011 to 2012	1.8	-0.1	1.7	0.0	-1.6	1.6
2012 to 2013	0.0	-0.1	-0.1	0.0	-1.7	1.7
2013 to 2014	-0.7	0.0	-0.7	0.0	-1.7	1.7
2014 to 2015	-0.5	0.0	-0.5	0.0	-1.7	1.7
2015 to 2016	-0.4	-0.1	-0.5	0.0	-1.6	1.6
2016 to 2017	0.1	-0.1	0.0	0.0	-1.6	1.6
2017 to 2018	0.1	0.0	0.0	0.0	-1.5	1.5
2018 to 2019	0.1	0.0	0.1	0.0	-1.5	1.5
2019 to 2020	-2.1	0.0	-2.1	0.0	-1.5	1.5
2020 to 2021	-2.7	0.0	-2.8	0.0	-1.5	1.5
2021 to 2022	-1.3	0.0	-1.3	0.0	-1.6	1.6
2022 to 2023	3.0	-0.1	2.9	0.0	-1.6	1.6
2023 to 2024	2.9	-0.2	2.7	0.0	-1.4	1.4
2024 to 2025	1.7	-0.8	0.9	0.0	-1.4	1.4

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.

The implementation has resulted in revisions to the flow fiscal aggregates. The scale and direction of the revisions varies across the time series. These revisions are primarily caused by incorporating updated source data for both revenue and expenditure. The updates for current expenditure on goods and services are the most influential, and account for the majority of the overall revision in each affected year. For FYE 2011 to FYE 2020, the revisions reflect the new system processing historic revised source data from various suppliers, including the Ministry of Housing, Communities and Local Government (MHCLG), and the devolved administrations. In the most recent years, the revisions are due to more recent data vintages. For instance, in FYE 2023, we have replaced provisional estimates with final outturn data for England and Scotland, and for FYE 2024, we have replaced budget data with provisional data for the same countries.

The revisions in FYE 2020 to FYE 2024 also reflect improvements to the recording of transfer payments related to Integrated Joint Boards (IJBs) for Scotland. These bodies are intended to ensure collaboration between Health Boards and Local Authorities in Scotland. We have refined our processing methods to ensure that the recording of IJBs is similar to that for the equivalent bodies in England and Wales, improving consistency in the reporting of UK fiscal measures relating to local government and to the public sector as a whole. Because of differences in revisions policies, this change is visible in the PSF ahead of the national accounts, which will be updated at the next opportunity.

During the system development, we also reviewed and incorporated the best available source data for selected financial transactions. Specifically, for the local government subsector, we have updated estimates for loan liabilities, loan assets, equity assets, and other accounts receivable. This has led us to revise our estimates of PSNFL from FYE 2011 onwards. These revisions are dominated by increases in the value of loan assets, which have caused downward revisions to PSNFL across the time series.

This has led us to revise our estimates of PSNFL from FYE 2011 onwards. These revisions are dominated by increases in the value of loan assets, which have caused downward revisions to PSNFL across the time series.

The system development also enabled the ingestion of updated source data for non-financial assets (NFA). However, the local government NFA data have also been subject to further developments as part of the preparation for the UK Annual National Accounts (ANA25). As the impact of updated source data is not separately identifiable to the further developments, we have excluded the revisions to NFA from the estimates shown in Table 2. Therefore, the impact on public sector net worth (PSNW) is equal in absolute terms to PSNFL. The overall revisions to local government data, which include changes from ANA25 developments are available in our [Public Sector Finances, UK: August 2025 bulletin](#).

We are continuing to transform systems across the public sector, which includes the processing for financial data for local government, as well as other subsector systems. For more information, see Annex B.5: Public Sector in [The plan for ONS economic statistics article](#).

## Other data updates

In September 2025, we implemented some regular annual updates to incorporate the latest available data. This includes the latest data for Student Loans, Octopus Energy Retail Limited (Bid Co), and Octopus Energy Operations Limited (Hive Co). We expect to make further regular annual updates in the coming months.

## 4 . Review of emerging issues in the economy

On 8 July 2025, the Office for Budget responsibility (OBR) released their [Fiscal risks and sustainability report](#). In Chapter 3 of the report, the OBR described the risks in the context of the UK government's new fiscal rule referencing public sector net financial liabilities (PSNFL). We recently discussed our plans for developing the PSNFL statistic in Section 2 of our [Looking ahead - developments in public sector finance statistics: 2025 article](#).

## 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 September 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.

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

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

## 6 . Cite this article

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