Office for National Statistics

Article

Economic statistics classifications and developments in public sector finances: May 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: 2023 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 later in this release. For more information on classification decisions, see our Public sector classification guide (XLSX, 738.6 KB). 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

In June 2025, the Office for National Statistics (ONS) classified two organisations that have sufficient autonomy of decision to be institutional units.

British International Investment plc

The Commonwealth Development Corporation Group was renamed British International Investment plc (BII) on 4 April 2022. BII is the development finance institution of the UK government.

BII (including its UK subsidiaries) has been classified to the public captive financial institutions and money lenders subsector. This was effective from 27 July 1999, which is the date the Commonwealth Development Corporation Act 1999 received Royal Assent. The name change on the 4 April 2022 did not alter any other factors that would influence the classification.

British Steel Limited

British Steel Limited is a UK-based steel manufacturer that sells products, including virgin steel, across diverse industries such as construction and transportation.

The assessment follows emergency legislation (the Steel Industry (Special Measures) Act 2025) passed by the UK government on 12 April 2025. This provided the Secretary of State for Business and Trade with powers intended to secure the continuation of steel manufacturing in England and Wales, and specifically, to ensure the British Steel Limited plant in Scunthorpe would remain operational.

British Steel Limited has been classified to the public non-financial corporations subsector with effect from 12 April 2025, the date the Steel Industry (Special Measures) Act 2025 received Royal Assent.

Transactions and schemes

Gambling Levy

A statutory annual levy came into force on 6 April 2025 under the Gambling Levy Regulations 2025. This levy applies to gambling operators licensed in Great Britain by the Gambling Commission. It is intended to be used to prevent and tackle gambling harm. This levy will apply to organisations that are holders of a lottery operating (society) license from 1 April 2024 and to holders of other gambling operator licenses from 1 July 2024.

The Gambling Levy is classified as other taxes on production, with effect from 1 April 2024, the date on which the first levy period begins. This is paid to the central government subsector by eligible gambling operators in the private non-financial corporations subsector and by relevant organisations in the non-profit institutions serving households sector.

Disbanded or deleted entities

Commonwealth Development Corporation Group

The Commonwealth Development Corporation Group was renamed to British International Investment plc (BII) on 4 April 2022. Following the assessment of BII, the Commonwealth Development Corporation Group has been classified as a disbanded or deleted entity in the public sector classification guide.

Forward work plan

Our Classifications forward work plan (XLSX, 44.5KB) 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.

British Steel Limited has been removed from the forward work plan following their classification this month.

South Western Railway has been added to the forward work plan this month. This follows the UK government's announcement on 25 May 2025 that South Western Railway's services will transfer into public ownership under the new Passenger Railway Services (Public Ownership) Act 2024.

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 finance statistics

Implementation of British Steel Limited

Following the classification assessment, we aim to implement British Steel Limited into the public sector finance (PSF) statistics before the end of 2025.

Based on provisional data, we expect that public sector net financial liabilities (PSNFL) will increase by around £0.9 billion at the point of the reclassification in April 2025, whereas public sector net debt (PSND), which captures a narrower range of assets and liabilities, will increaseby around £0.6billion at the time of the reclassification. The impact on other fiscal aggregates will be assessed in the coming months.

We will work with HM Treasury to establish regular data collection for British Steel Limited, and we will provide a time series assessment of the impact of this classification decision on the fiscal aggregates one month prior to British Steel Limited's implementation.

4 . Review of emerging issues in the economy

Spending Review June 2025

On 11 June 2025, the Chancellor of the Exchequer presented the Spending Review 2025. This Spending Review sets departmental budgets for daytoday spending until the financial year ending 2029, and until the financial year ending 2030 for capital investment. It also sets devolved government block grants for the same period.

The results of the Spending Review 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. However, some may require development work to incorporate them into the PSF statistics. We will provide information on such changes or developments in later editions of this article, when further information becomes available.

In the Spending Review, the UK government announced new funding schemes, including establishing the Transformation Fund and Crisis and Resilience Fund, and continued support for Ukraine under the G7 Extraordinary Revenue Acceleration Loans (ERA) for Ukraine scheme. We will review and formally classify these, if appropriate, in due course.

The UK government also announced additional investment to meet net zero targets, with funding for the Sizewell C project, Small Modular Reactor programmes, Carbon Capture, Usage and Storage (CCUS), upgrades to homes through the Warm Homes Plan, and the production of Sustainable Aviation Fuel. It was also announced that Great British Energy and Great British Energy – Nuclear will make investments into homegrown clean power. We will review the sector classification of Great British Energy and Great British Energy – Nuclear, and impact on PSF statistics when more information is available.

On 30 October 2024, the Chancellor of the Exchequer presented the 2024 Autumn Budget, which stated that the UK Infrastructure Bank, currently classified to the central government subsector, would become the National Wealth Fund, designed to support investment in the UK's clean energy and growth industries. In the Spending Review 2025 statement, it was announced there would be an expansion of the National Wealth Fund. We will review the sector classification of the National Wealth Fund and impact on PSF statistics when more information becomes available.

For any queries about the information discussed in Section 3: Improvements and data updates in public sector finance statistics and Section 4: Review of emerging issues in the economy, please contact public sector inquiries by emailing 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: 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 20 June 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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