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**Coverage**  
United Kingdom

**Theme**  
The Economy

# The financial crisis and statistical classification decisions

Today ONS has published an article on the classification of the financial crisis interventions by public sector authorities between 2007 and September 2009.

The biggest impact of these interventions has followed from the reclassification of financial corporations to the public sector. Work to quantify the full impact on fiscal statistical measures is progressing and, once complete, the combined effect of the financial crisis is likely to add up to £1.5 trillion to public sector net debt.

The financial interventions are also estimated to add £4.7 billion to general government net borrowing in 2008, and £3.3 billion in the first three quarters of 2009. The impact on the net liability position in the government financial balance sheet has been estimated to be £5.2 billion at end-2008, reducing to £2.8 billion by end-September 2009.

Some interventions have no immediate effect on borrowing or debt measures. For example, government guarantees only have an impact if and when a guarantee is called. These are referred to as contingent liabilities. Government contingent liabilities for financial interventions are estimated at about £330 billion at end-September 2009.

The article describes statistical classification decisions relating to:

- the Financial Services Compensation Scheme
- public sector classification of Bradford and Bingley plc
- the Icelandic crisis and Icelandic banks
- London Scottish Bank

**Issued by**  
Office for National Statistics  
Cardiff Road  
Newport  
NP10 8XG

**Contact**  
Media Office  
0845 6041858  
Statistician  
Martin Kellaway  
020 7014 2127

**Email**  
psa@ons.gov.uk

[www.statistics.gov.uk](http://www.statistics.gov.uk)

- The recapitalisation scheme and the public sector classification of RBS and Lloyds Banking Group
- Bank of England Special Liquidity Scheme
- Bank of England Discount Window Facility
- Credit Guarantee Scheme
- Guarantees on business loans
- Facility for asset backed securities
- Bank of England Asset Purchase Facility
- Asset Protection Scheme
- Dunfermline Building Society
- Other UK and European events and interventions
- and an update on the Northern Rock article first published in February 2008.

The classification decisions are consistent with international guidelines on National Accounts.

## BACKGROUND NOTES

1. The detailed article, Public Sector Interventions in the Financial Crisis, is available at [http://www.statistics.gov.uk/about/methodology\\_by\\_theme/national\\_accounts\\_classifications.asp](http://www.statistics.gov.uk/about/methodology_by_theme/national_accounts_classifications.asp)
2. ONS produces the United Kingdom's National Accounts. The National Accounts are an internationally comparable accounting framework that describes the activities in a national economy, including the transactions that take place between sectors of that economy. The relevant international manuals are the System of National Accounts 1993 (SNA93) and the European System of Accounts 1995 (ESA95) in particular.
3. ONS has a well-established process for handling the classification of institutions and transactions in the UK's National Accounts and Public Sector Finances. This process is documented at: [http://www.statistics.gov.uk/about/methodology\\_by\\_theme/national\\_accounts\\_classifications.asp](http://www.statistics.gov.uk/about/methodology_by_theme/national_accounts_classifications.asp)
4. The ONS role is of particular importance when defining the institutions that belong to general government or the public sector. This is because both the United Kingdom Government and the European Union base their fiscal policy frameworks on the National Accounts.
5. The public sector classification of Northern Rock plc was announced on 7 February 2008. The public sector classification of Bradford and Bingley plc was announced on 14 November 2008. These classifications have been implemented in *Public sector finances*.
6. The public sector classification of The Royal Bank of Scotland Group plc and Lloyds Banking Group was announced on 19 February 2009. The full impact of these classifications will be implemented in Public Sector Finances as soon as possible.
7. Further information on public sector borrowing and debt can be found in *Public sector finances* available at <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=805>. The statistical bulletin *Deficit and Debt under the Maastricht Treaty* provides further information on general government borrowing and is available at <http://www.statistics.gov.uk/CCI/nugget.asp?ID=277>. General government

balance sheets are published in *United Kingdom National Accounts* available at <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=1143>

8. **National Statistics** are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2009