



Changes to Bank of England statistics following the reclassification of Network Rail

By Jason Murphy

Tel: +44 (0) 20 7601 3476
srdd_res@bankofengland.co.uk

This article outlines changes to Bank of England statistics following the reclassification of Network Rail from the private non-financial corporations sector to the central government sector by the Office for National Statistics.

Background

Network Rail (NR) has been reclassified from the private non-financial corporations (PNFC) sector to the central government (CG) sector by the Office for National Statistics (ONS) in line with new guidance in the 2010 European System of Accounts (ESA10).¹

Changes to ONS data resulting from this reclassification will be included in Blue Book 2015 (due to be published in October 2015) and data will be revised back to April 2004. These changes have already been implemented in the public sector finances, published by the ONS, from September 2014.

This change impacts the following Bank of England statistics:

- Capital issuance (CI) – published in the CI statistical release, Table E3.1 of *Bankstats* and on the Bank's Statistical Interactive Database (IADB).
- Money and Lending - sectoral analyses of lending and deposits.
- MFIs' consolidated balance sheets – further sectoral breakdown.

In all of these datasets transactions will be recorded in the CG sector from July 2015 onwards. Revisions to historical data will impact CI statistics only.

Changes to capital issuance statistics

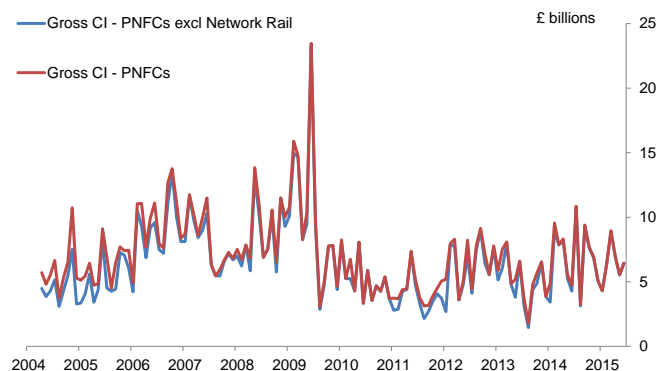
CI statistics will be revised with effect from October 2015 so that all bonds and commercial paper (CP)

issued by NR from April 2004 will be recorded in the CG sector.²

This means that data published in the CI statistical release, Table E of *Bankstats* and in CI IADB series will exclude NR issuances after April 2004.³ NR issuances before this date will continue to be recorded as PNFC issuances in line with ONS treatment.⁴

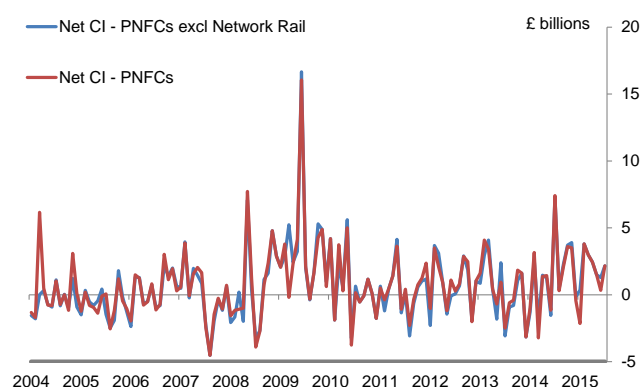
The removal of NR issuance and repayments leads to the changes in gross and net CI by PNFCs as shown in charts A and B below. Average monthly NR gross CI since April 2004 was £0.6 billion.

Chart A: Gross capital issuance by PNFCs



¹ Available at www.ons.gov.uk/ons/rel/na-classification/national-accounts-sector-classification/classification-of-network-rail-under-european-system-of-accounts-2010/index.html

² NR is structured as a company limited by guarantee and consequently does not issue equity
³ Bank of England capital issuance statistics do not include capital issued by the Central Government sector
⁴ The 'ESA10 Market Test', used by the ONS to inform its classification decisions, indicates that NR only became a non-market body after April 2004.

Chart B: Net capital issuance by PNFCs**Changes to total finance raised by PNFCs**

Total financed raised (TFR) by NR, comprising MFI lending and CI, will be recorded in the CG sector from July 2015 and this is reflected in money and lending statistics published from August 2015.

In order to maintain consistency with historical MFI lending, finance raised by PNFCs (published in the Bank of England Money and Credit release) will not be revised and will contain NR in both the historical lending and CI components.

New capital issuance codes

From October 2015 the Bank will publish two series each for the total net issuance of bonds and CP by PNFCs, as follows:

- Bonds and CP including NR issuances and repayments pre-July 2015 (to maintain consistency with loans data for TFR)
- Bonds and CP excluding NR issuances and repayments from April 2004 to June 2015 (consistent with ONS data)

Table 1 provides details of these new series and where users can find them.

Table 1 – Capital issuance IADB codes impacted by Network Rail reclassification

	Existing IADB codes (<i>incl NR pre-July 2015</i>)	New IADB codes (<i>excl NR Apr 2004 to June 2015</i>)
Total net issuance of bonds by PNFCs	CPMZ93T CPQZ93T	CPMZ5ZC CPQZ5ZC
Total net issuance of CP by PNFCs	CPMB32L CPQB32L	CPMZ5ZD CPQZ5ZD
Where used		
IADB	IADB Table E (CI) <i>to Sep 2015</i> IADB Table A (Money & Lending – sectoral analysis) <i>from Sep 2015</i>	IADB Table E (CI) <i>from Sep 2015</i>
Statistical release	CI statistical release <i>to Sep 2015</i> Money and Credit statistical release (Table L)	CI statistical release <i>from Sep 2015</i>