

Fiscal sustainability report 2020: speaking notes

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Good morning everyone and welcome to this socially-distanced briefing on our *2020 Fiscal sustainability report*. Thank you for tuning in and I hope that you will bear with us through whatever the technology has in store.

I am going to take you through the highlights of the report – and my slides and speaking notes will be on the website once we are done. If you would like to ask Andy, Charlie and me a question, please use the Q&A feature and we will try to get to as many as possible. Please give your name and institution.

[SLIDE] Let me start with some background.

As regular viewers will know, our FSRs normally include long-term public finance projections that jump off our most recent medium-term Budget forecast, as well as a discussion of the public sector balance sheet, drawing in part on the figures in the latest Whole of Government Accounts.

But the coronavirus outbreak necessitates a different approach this year: the March Budget forecast is now ancient history, the last four months have seen unprecedented fiscal and monetary policy action, and the 2018-19 Whole of Government Accounts have been delayed.

So, instead, in this FSR we set out three medium-term scenarios for the economy and the public finances, based on different assumptions regarding the pace of the economic recovery and the extent of any lasting ‘scarring’ of economic potential. We then use these to run simplified long-term projections of the public finances, drawing some conclusions around fiscal sustainability.

And then we discuss what the pandemic has meant for the array of fiscal risks that we discussed a year ago in our *Fiscal risks report*.

The Chancellor's policy announcements last week were not formally a Budget and were not subject to the scrutiny we would provide in that event. Alas we received details of the measures too late to include them in the scenario calculations, and to be able to discuss them fully in the main document. But we have set out some provisional thoughts on their potential impact in our press release today and I will talk a bit about that this morning.

Before getting on to the substance, let me as usual express my thanks to the OBR's staff and to our helpers in departments and agencies across Whitehall. Particularly so on this occasion, given the difficult circumstances in which everyone has been working and the many other demands they have faced.

[SLIDE] So let me begin by setting out the basic parameters of our three economic scenarios, which were finalised on 19 June. We started with the outturn data available at the time, which showed a 25 per cent fall in GDP between February and April. This morning's monthly GDP data show a slightly steeper decline in March than initial estimates suggested, and a slightly smaller pick-up in May than we had assumed, but the big picture is consistent. As time goes by, there is clearly potential for big revisions to both the peak-to-trough decline and the subsequent pick-up.

Our scenarios differ from each other primarily in what they assume about the pace of the recovery and the extent of any scarring – in other words whether activity returns to the path that we forecast in March or remains permanently below it. These depend on four main factors:

- The course of the pandemic and the development of effective vaccines and treatments;
- The speed and consistency with which the Government can lift its health restrictions;
- The response of individuals and businesses as it does so;
- And the effectiveness of the policy response in protecting viable businesses and sustaining employment.

The upside, central and downside scenarios have the key features shown on the slide. But these are, of course, only three possibilities of many and you cannot place precise probabilities on them. The upside is probably about as good as one could hope for – relative to the March forecast – but the downside is by no means a worst case. And we certainly would not claim that the central scenario is necessarily the most likely of all possible outcomes.

[SLIDE] This chart gives you a summary picture. Here is the path for GDP in our March forecast and [SLIDE] here are the three scenarios.

The upside is pretty similar to the illustrative scenario we published in April, which for simplicity assumed a rapid V-shaped recovery and no scarring. The central and downside scenarios show slower recoveries and scarring worth 3 and 6 per cent of GDP respectively at the five-year horizon. [SLIDE] As you can see here, viewed on a calendar year basis the scenarios are broadly in line with the range and average of outside forecasts reported to the Treasury.

[SLIDE] We can draw similar pictures for consumer spending and business investment, where we assume that in the second quarter of the year they were 27 and 40 per cent below our March forecast respectively. Consumption then moves broadly in line with output while some of the investment lost this year is recouped in the upside and central scenarios.

[SLIDE] It is interesting at this point to look at how the shortfalls in GDP in each scenario – relative to our March forecast – compare to the shortfall in GDP [SLIDE] during and after the financial crisis, relative to the Treasury’s pre-crisis forecast in March 2008. You can see here that the pandemic has prompted a much larger and swifter decline in GDP than we saw in the financial crisis, but that the shortfall against forecast following that earlier episode continued to increase because the underlying growth rate of the economy was persistently weaker than the Treasury – and other forecasters – had assumed pre-crisis. Our central and downside scenarios assume a permanent hit to the level of GDP from the pandemic, but not to the underlying growth rate. If that rate were also to slow, then the fiscal outlook would be even more challenging.

[SLIDE] Now let me turn to the labour market.

Relative to the March forecast we assume that total hours worked in the second quarter were down 29 per cent, with employment down by 5 per cent, average hours down 25 per cent and output-per-hour worked up 8 per cent. This apparent good news on productivity reflects the disproportionate impact of the lockdown on low-productivity sectors, plus the fact that employers have tended to furlough relatively low-paid workers more than high-paid ones.

Looking ahead, the outlook for unemployment depends in large part on the proportion of furloughed staff who flow into unemployment rather than back into work. We have assumed 10, 15 and 20 per cent in the three scenarios. We also assume that the structural rate of unemployment rises by 1 percentage point in the central scenario and by 2 points in the downside one.

[SLIDE] This gives us the following profiles for the unemployment rate, although initially some of the increase is likely to be recorded as higher inactivity in the official data. As you can see, the peak rates of unemployment

in the different scenarios are roughly 10, 12 and 13 per cent. The subsequent improvement is slower in the central and downside scenarios than in the upside, reflecting the scale of economic restructuring implied.

[SLIDE] CPI inflation follows the same path in all three scenarios and it differs from the path in March largely because of energy and oil prices. The common path reflects the fact that we make no explicit judgements about the trajectory of the output gap over the scenario period, other than to assume that it has closed by the five-year horizon (at which point any remaining budget deficit can therefore be assumed to be structural).

[SLIDE] The path of RPI inflation does differ across the scenarios, reflecting the impact of developments in the housing market on the housing depreciation and mortgage interest payments components of the index.

[SLIDE] This slide shows some key housing market variables. On the left, the path of house prices in each scenario broadly reflects the path of labour income. On the right, housing transactions have fallen sharply compared to the March forecast and we assume that the shortfall is entirely made up within the five-year period in the upside scenario, but are 4 per cent lower in aggregate in the central scenario and 8 per cent lower in the downside.

[SLIDE] As we regularly point out, most discussion of outside economic forecasts and scenarios focuses on real GDP, but when forecasting the public finances, we are more interested in the components of nominal income and expenditure. This chart shows the paths of nominal GDP in each scenario. The differences reflect the different paths for real GDP, but aggregate GDP deflator growth is also lower in all three scenarios than in March so nominal GDP does not return to the March forecast path even in the upside scenario.

[SLIDE] One useful way to pull together the economic picture is to look at the extent to which different sectors borrow from and lend to each other. The common story across the scenarios is that the public health measures greatly restrict consumption and production, while the fiscal policy measures limit the associated falls in income – especially for households. As a result, there is a very big, but mostly temporary, increase in household saving this year. And that is the primary counterpart to the massive rise in the budget deficit.

But this does not mean that the fiscal support payments to individuals are all being saved. For some households, income may not have fallen very much, if at all, but their opportunities to spend have been greatly curtailed. For others, income may have fallen sharply (perhaps because they have lost their job). So they are forced to run down their savings (or take on debt) to maintain even a lower level of consumption. But the former group dominates overall.

[SLIDE] Before I turn to the public finances, what difference might last week's announcements by the Chancellor have made to the picture we have painted here? As you know, the Chancellor announced a package of spending increases and tax cuts designed to support jobs that he said would cost 'up to £30 billion'. In addition, a footnote to one of the tables in the accompanying documentation revealed that the Treasury has signed off on an additional £32.9 billion of spending on public services. We estimate provisionally that the actual cost of the package may be around £51 billion – primarily because some of the spending increases are already in our figures and the jobs retention bonus is likely to come in under the Treasury's 'up to £9.4 billion' figure.

In terms of the economic impact, you cannot straightforwardly add the impact on top of the scenarios, because they have not been built up in our usual pre-to-post measures way. But using our usual methodologies to give a sense of

the possible scale, a net fiscal giveaway worth around 2½ per cent of GDP might increase output by about 1½ per cent this year, which would then fade over time. That in turn might boost employment by around 140,000 this year.

The temporary cut in VAT will lower inflation and then increase it, which will reprofile some welfare and debt interest spending. And the stamp duty cut might increase transactions this year by around 100,000, with about three quarters of those simply brought forward from 2021-22. It is not clear how the incentive effects of the various jobs schemes will affect employment, beyond the temporary impact of the boost to demand. Some should be beneficial, but much of the Job Retention Bonus is likely to be claimed for employees who would have been retained anyway.

[SLIDE] So now let me move from the economic scenarios to their fiscal counterparts – and begin with some background.

When preparing our Budget and spring or autumn forecasts, we normally start with a fiscal forecast based on a pre-measures view of the economy and then add the direct fiscal cost or yield from new measures plus their indirect cost or yield via their (usually relatively modest) impact on the economy.

But that would not be feasible for these FSR scenarios. It would be impossible to quantify with any precision the economic catastrophe that would have unfolded if the Government had made no policy response at all. So in this FSR we add the direct cost of the policy measures to an underlying fiscal scenario that already includes their economic impact. In doing so, we only incorporate the policy measures taken in response to the virus, ignoring other relatively minor changes since March. We develop the central scenario in a relatively detailed bottom-up way, but then ready-reckon the upside and downside scenarios more simply. So I will focus more on the central scenario.

[SLIDE] This chart shows you that our estimate for the budget deficit in the current fiscal year has moved from £55 billion in the March Budget to £322 billion in our central scenario. [SLIDE] Just under half the difference (£125 billion) reflects the lockdown (mostly via lower tax receipts and higher welfare spending, partly offset by lower debt interest spending), while [SLIDE] just over half (£142 billion) reflects the fiscal policy response (in particular support for households via the furlough scheme and help for the self-employed).

[SLIDE] Add on our best guess that last week's package will increase borrowing by a further £50 billion this year, and the projected deficit hits £372 billion.

[SLIDE] If we look at the increase in expected borrowing since March over the central scenario as a whole, you can see that the impact of the policy measures on the budget deficit is very heavily concentrated in the current fiscal year, as most of the support is time-limited. But borrowing is still pushed higher in later years because the economy is permanently smaller and tax revenues thus remain depressed relative to March. [SLIDE] This fiscal scarring is more limited in the upside scenario and greater in the downside.

So how has the outlook for government borrowing evolved over the past two or three years? It is important to remember that the current crisis follows the post-referendum period in which fiscal policy has already been loosened significantly, reversing some of the consolidation undertaken by the Coalition.

Back in 2016, the Government announced a new 'fiscal objective' – to balance the budget by the mid-2020s. [SLIDE] Only one of our forecasts ever showed this within reach – our pre-measures forecast in October 2018. But by then the objective had in effect already been abandoned in favour of the additional NHS spending announced by Theresa May that summer. Further giveaways followed, including the additional capital spending announced by Rishi Sunak

in March. [SLIDE] That Budget confirmed that the Government had abandoned the earlier goal of balancing the budget, in favour of running ongoing deficits, a decision that it justified on the grounds that it was likely to remain very cheap for the government to borrow – a judgement I will come back to.

[SLIDE] Here you can see the impact of coronavirus in the central scenario

[SLIDE] and with the potential impact of last week's announcements added on.

[SLIDE] What about the impact of the coronavirus and policy response on net

debt? [SLIDE] Here we can see the impact of the lockdown, adding to debt

thanks largely to its impact on tax receipts and welfare spending. [SLIDE] Then

we add the impact of the Bank of England's policy measures, including the

new Term Funding Scheme and more QE. [SLIDE] And then the impact of the

Government's policy measures, which increase spending and lower receipts.

Net debt is £387 billion higher this year than in March (or £437 billion

including last week's announcements), rising to an increase of around £600

billion by 2024-25 (or £651 billion after last week's announcements).

[SLIDE] Where does all this leave the key fiscal aggregates?

This slide shows total expenditure and total receipts as shares of GDP, in our

March forecast. [SLIDE] And here are the scenarios. Receipts fall significantly

in cash terms in each scenario, but mostly because the economy is smaller. So

the ratio of receipts to GDP does not vary a great deal. In contrast, the

combination of higher cash spending and a smaller economy pushes the ratio

of spending to GDP sharply higher this year – to above 50 per cent in all three

scenarios. And it remains higher (notably in the central and downside

scenarios) because of the lasting hit to nominal GDP.

[SLIDE] Subtract receipts from spending [SLIDE] and we can see the same

picture for the budget deficit. It spikes to 13, 16 or 21 per cent of GDP this

year – each significantly higher than the peak following the financial crisis (the previous peacetime record). Including last week’s announcements, the rise is to 15, 19 and 23 per cent. By 2024-25, the deficit is little changed from March in the upside scenario, but still stands at 4.6 per cent of GDP in the central scenario – implying lasting fiscal damage of 2.4 per cent of GDP since March. In the downside scenario, the deficit remains at 6.8 per cent of GDP – implying damage of 4.6 per cent.

[SLIDE] If we look at the scenario paths for public sector debt, [SLIDE] we see them moving from less than 80 per cent of GDP in the medium term in March to more than 100 percent in all but the upside scenario. The lines dip in 2024-25 as the Bank’s Term Funding Scheme loans are repaid. [SLIDE] Excluding the impact of the Bank’s measures, the ratios are all lower but we see a shallow upward trend persisting in both the central and downside scenarios.

You may nonetheless be surprised that the lines are as flat as they are. As we shall see again in a minute, this is because the size of the budget deficit (excluding debt interest) at which the debt-to-GDP ratio can be stabilised has risen since March – both because the debt ratio has increased (which means that you need to issue more bonds just to keep it at its new higher level) and because the relationship between the interest rates at which the government can borrow and the growth rate of the economy has become more favourable.

[SLIDE] The outlook for borrowing and debt means that in none of our three scenarios is the Government on course to meet all three of the new fiscal targets that it set itself in March. Extra borrowing means that the current budget is still in deficit in 2022-23 in the central and downside scenarios, while the smaller economy pushes investment spending above 3 per cent of GDP in all three.

[SLIDE] So now let us move on from the medium-term outlook to the longer term. In preparing our long-term public finance projections, we have taken a simpler approach than we normally would in an FSR.

As always, the major drivers of the long-term outlook for spending, borrowing and debt are the ageing of the population and non-demographic cost pressures in health and social care. This year we are also able to take on the new 2018-based population projections from the ONS and our decision in March to adopt the 'zero net EU migration' population projection variant. The new projections reduce the number of children, increase the number of working-age adults and reduce the number of older adults. Moving from the principal variant to 'zero net EU migration' then reduces net inward migration by 36,000 a year, with the effect of slower population growth concentrated among those of working age. The first step is fiscally favourable; the second is unfavourable and dominates the first.

The long-term outlook depends to a considerable degree on the state of the public finances at the end of the medium term – what we call the 'jumping-off point' – and that of course has deteriorated as a result of the pandemic. If we had used the March forecast as our jumping-off point, as we usually would, then the primary budget deficit (which excludes debt interest spending) would have been 1.1 per cent of GDP in 2024-25. Under the three scenarios, it is 1.6, 3.7 and 5.9 per cent respectively. Barring demographics, that is then locked in over the 50-year projection, helping to drive the path of debt.

[SLIDE] This chart shows the long-term debt-to-GDP projection corresponding to the October 2018 pre-measures forecast in which the government was on course to balance the budget by the jumping-off point. The ratio falls for some

time, but eventually rises again as health costs in particular put the primary balance back into deficit and debt interest spending rises over time.

[SLIDE] Move ahead to our March forecast, and the fiscal loosening during the May and Johnson premierships has increased the deficit at the medium-term horizon, thereby pushing the debt-to-GDP ratio onto a more steeply unsustainable trajectory even before the pandemic took hold. [SLIDE] Under each of the coronavirus scenarios, the trajectory is steeper still.

In practice, no government could allow net debt to persist for long on these explosive paths, as it would find it hard to finance its mounting deficits. [SLIDE] One way to assess the challenge of restoring sustainability is to ask by how much fiscal policy would need to be tightened each and every decade to ensure that by 2069-70 the debt-to-GDP ratio was back at 75 per cent – roughly the level that the Government seemed to think acceptable at the time of the March Budget. On our March forecast, the required tightening would be 1.8 per cent of GDP (or roughly £40 billion in today's terms). In the central scenario it would be 2.9 per cent and in the downside roughly 3.8 per cent.

[SLIDE] So now let me turn to the risks around the public finances, above and beyond the choice of coronavirus scenario. In the FSR we discuss these in the same categories that we use in our regular *Fiscal risks report*. (Incidentally, the Treasury has today published its formal response to the 2019 *Fiscal risks report*. This weighs in at 4 paragraphs compared to the 140 pages in its response to the 2017 report. Of course it has other things on its plate for now, but we must hope for a more substantive response in future.)

The first category of risks we look at are those related to the macroeconomy and the financial sector.

We have often noted – in EFOs as well as our risk reports – that history suggests there is a 50-50 chance of a recession in any five-year forecast period. That risk has crystallised with a vengeance over the past few months and we should always remember that there will be more downturns in future.

More than that, it is striking that the UK has been subject to two ‘once in a lifetime’ shocks in a little over a decade. Each has pushed the budget deficit above 10 per cent of GDP, whereas no previous post-war recession pushed it above 7. Perhaps that is just bad luck, but if very large shocks are going to be more common in future than we have so far assumed, policymakers may need to re-evaluate what constitutes a prudent fiscal policy during normal times to ensure they have the fiscal space to respond to these blows when they land.

In addition to shocks and cycles, there remains a risk around estimates of the long-term growth rate the economy can sustain. This has been highly uncertain ever since the financial crisis (thanks to the productivity puzzle), on top of which is the hard-to-quantify potential impact of Brexit. We can now add the virus as another source of uncertainty, given the possibility that the ‘new normal’ will require significant structural change in some sectors.

As regards the financial sector, so far this has been the dog that has not barked during the pandemic period. In part that reflects the additional loss-absorbing capacity that regulators have required the banking system to build up. But, perhaps more importantly, the Government has already taken on a large portion of the potential risk itself by supporting individuals and businesses who would otherwise have been a source of bad loans. But it would be premature to assume no remaining financial sector risks.

[SLIDE] The largest risks to future revenues are those that affect the whole economy, as we are seeing right now. But the pandemic will also generate or exacerbate other risks:

- It seems highly likely that the economy will emerge from this crisis with a different composition of output, expenditure and income than would otherwise have been the case. This could affect the tax-to-GDP ratio, because some activities are taxed more heavily than others.
- Some tax bases may remain subdued. This happened after the financial crisis – most notably in corporation tax, thanks to loss relief rules. And losses are likely to be more widespread now than then.
- There are risks around tax debt – the overall value of tax that initially goes unpaid and then is subsequently repaid. Tax debt has spiked and some firms will go out of business before they can pay it off.
- And the significant demands on HMRC in the current period could also lead to a fall in tax compliance.

[SLIDE] Spending in 2024-25 is already 2 per cent of GDP higher in the central scenario than in March– excluding debt interest – largely because the economy is smaller rather than any new policy decisions. But the pandemic may create several additional sources of pressure on public spending:

- Having experienced the current health crisis, the government may well face pressure to devote a higher share of GDP to the NHS and wider care services, including adult social care, where proposals for reform have been pushed back repeatedly.
- Health and welfare costs may also increase if chronic health conditions become more widespread, for example as a result of higher unemployment or the coronavirus itself.

- Some temporary measures to support individuals and businesses could become permanent if the government wishes to avoid creating some politically sensitive cash losers. (For example, around 7 million families will be hit when the £20 a week boost to universal credit and working tax credits is withdrawn next April.)
- And there are many other individual spending risks either created or exacerbated by the crisis. Among them pressures on local authorities that central government may feel it has to ease.

[SLIDE] In addition to revenue and spending, there are risks that could affect the public sector balance sheet – both statistically and in the real world.

The government has taken on significant contingent liabilities. Back in March it trumpeted £330 billion of new loan guarantees, but the eventual cost will depend on take-up and the proportion of loans guaranteed that go bad. We have assumed a £20 billion cost in the central scenario and £39 billion in the downside. This would be a bigger hit than following the financial crisis, largely because more of today's guarantees have been offered to smaller firms – for which default rates are typically higher. The 'bounce back loans' look particularly risky, since the Government has provided lenders with a 100 per cent guarantee and has sought to make them as easy to access as possible.

In addition to explicit guarantees, the crisis has of course reminded us that in practice the government stands behinds large parts of the economy – implicitly if not explicitly – should they get into financial trouble. And there is always the possibility that private sector entities end up on the public sector balance sheet, either through nationalisation or because the government exerts sufficient control over them for the ONS to reclassify them. Universities are a good example of entities already close to the public/private boundary.

[SLIDE] Finally let me turn to the constellation of risks related to the cost and financing of the government's borrowing – and of its existing stock of debt – and some of the policy choices that it will have to make in that regard.

This chart shows the amount of money that the government would have to raise from gilt auctions and other sources to finance its new borrowing and the redemption of existing debt, based on our March Budget forecast. As you can see, its financing requirements were already much greater than they were prior to the financial crisis, as a share of GDP, reflecting the need to roll over the debt that it took on as result of that crisis and the subsequent recession.

[SLIDE] The pandemic and the current policy response have pushed the figure much higher still. In our central scenario the government would need to raise around £1.4 trillion over the next five years or 12 per cent of cumulative GDP.

Despite the Debt Management Office having to ramp up its gilt auction programme dramatically, the Government has so far had little difficulty borrowing large sums at very low interest rates. [SLIDE] Borrowing costs have been low for some time, of course – not just in the UK, but globally – and both gilt rates and Bank Rate have fallen further since the pandemic took hold.

[SLIDE] The Government's immediate financing challenge has also been eased by the expansion of the Bank of England's quantitative easing programme. Indeed, net of redemptions, the Bank is planning to buy roughly the same amount in gilts over the rest of this year as the DMO is likely to need to issue.

Bond investors can see that the current spike in borrowing is largely temporary and well justified. Crucially, they have confidence in the robustness of the UK's economic institutions and policy framework. QE may be easing the Government's current financing constraints, but the Bank is undertaking it of its own free will, consistent with its inflation target. This is a long way from it

being forced into the direct monetary financing of sustained budget deficits. Indeed, the Government has not even yet had to draw on its Ways and Means overdraft facility.

This will come as some comfort to the Chancellor, as he considers what fiscal targets to put in place as we emerge from the worst of the coronavirus crisis and its economic and fiscal impact.

Back in March, he signalled that he was content for the debt-to-GDP ratio to remain pretty flat, given how cheap it was for the government to borrow. It would be tempting to say the same again, not least because the government would now be able to run a bigger primary budget deficit while doing so.

[SLIDE] This chart shows that the debt-stabilising primary deficit at the five-year horizon was about 1½ per cent of GDP back at Budget time, but that doubles in our central scenario – partly because borrowing costs have fallen again and partly because debt is being stabilised at a higher level and more bonds need to be issued just to keep it there. Put another way, favourable financing conditions not only mean that more *can* be borrowed without debt rising, they also mean that more *must* be borrowed to stop it falling if that's what you wished to achieve.

Such a strategy would not be without risk. [SLIDE] For one thing, the public finances are much more vulnerable to inflation and interest rate surprises than they were. Not only is the stock of debt going to be much higher under any of our three scenarios than appeared likely in March, but the effective maturity of that stock has been reduced yet again by more QE – which in effect refinances gilts at Bank Rate. Borrowing costs have surprised us time and again on the downside, but the rise in public and private debt globally might suggest a greater risk that the natural rate of interest could rise. In any

event, a prudent government will look not just at what it could get away with under current financing conditions, but also at what it might need to do in less favourable ones.

[SLIDE] So let me conclude.

The coronavirus has dealt an unprecedentedly large and abrupt shock to the public finances, both because of the lockdown and the necessary policy response. The big uncertainty looking forward is how much of the resulting economic and fiscal damage turns out to be permanent rather than temporary. One silver lining to the current fiscal cloud is that it remains relatively cheap for the government to borrow – and indeed it has become more so. But that could lull policymakers into a false sense of security. In addition to its long-standing priorities for public services and capital spending, the pandemic may put additional upward pressure on spending and downward pressure on receipts. And meanwhile the long-term pressures from the ageing population and other health costs have not gone away. Against this backdrop, the government must decide how to balance the priorities of today with the need to invest in fiscal space to confront the shocks of tomorrow.

One final thought, at what I assume will be my final appearance before you as chairman of the OBR: more now than ever, it is important to value institutions that can give investors and citizens confidence in good government and good economic management. A non-partisan civil service, an independent central bank, robust regulatory agencies and a fiscal watchdog empowered to serve the public and Parliament by keeping a relentlessly beady eye on how the government taxes, spends, borrows and lends billions of pounds of other people's money. That confidence is hard to build and all too easy to erode.

Thank you