

# Commentary on the Public Sector Finances: June 2024

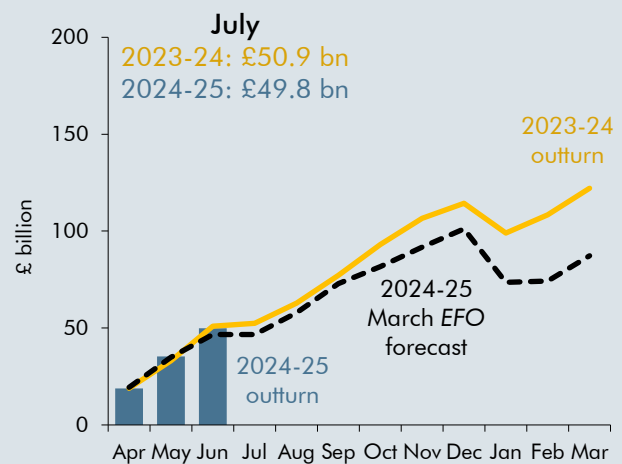
Office for  
**Budget  
Responsibility**

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## Year-to-date borrowing higher than forecast

Borrowing in the first three months of 2024-25 was £49.8 billion, £1.1 billion below the same period last year but £3.2 billion above our forecast profile. This was largely driven by highly provisional data on departmental spending returns, particularly for consumption expenditure which is £4.6 billion higher than forecast. Receipts in the first three months of 2024-25 have also been lower than expected, though by a relatively small margin of £1.7 billion or 0.7 per cent, in large part reflecting a £1.1 billion shortfall in VAT receipts. These differences were partially offset by local authorities' borrowing coming in £3.4 billion below profile.

Public sector net borrowing in the year to date:  
March 2024 OBR forecast vs latest ONS outturns



## Headlines

- **Public sector net borrowing (PSNB)** was £14.5 billion in June and £49.8 billion over the first three months of 2024-25. The latter is £3.2 billion (6.9 per cent) above our March 2024 forecast profile.
- **Central government accrued receipts** were £79.9 billion in June and £233.0 billion over the year to date. The latter is £1.7 billion (0.7 per cent) below our March forecast profile.
- **Central government accrued spending** in June was £94.5 billion and £297.3 billion over the first three months of 2024-25. The latter is £4.7 billion (1.6 per cent) above profile.
- **Net debt** in June stood at 99.5 per cent of GDP, up 2.8 percentage points on a year earlier and up 0.8 percentage points against profile.
- **Revisions:** borrowing in April and May was revised up by £1.8 billion, due to revisions to central government accrued receipts and local government borrowing.

## Detail

- 1 The Office for National Statistics (ONS) and HM Treasury published their Statistical Bulletin on the June 2024 Public Sector Finances this morning. Each month the OBR provides a brief analysis of the data and a comparison to our latest *March 2024 Economic and fiscal outlook (EFO)*. We compare the latest outturns with monthly profiles consistent with this forecast.<sup>1</sup>
2. Central government accrued **receipts** in the three months to June 2024 were £1.7 billion below profile. HMRC cash receipts, a more timely indicator albeit one that can be influenced by timing effects and one-offs, were £1.1 billion (1.7 per cent) below profile in June:
  - **PAYE income tax and NICs cash receipts** were down £0.8 billion (2.4 per cent) against profile in June and down by a similar amount for the year to date. This may reflect monthly volatility as earnings growth in the second quarter was stronger than we assumed in the March forecast.
  - **Cash VAT receipts** were £0.6 billion below profile in June and £2.4 billion below profile for the year to date. Cash receipts mainly relate to spending one-to-three months earlier. So this weakness likely reflects the fall in the quarterly value of retail sales of 0.5 per cent in the second quarter of 2024.
  - **Onshore corporation tax receipts** were £0.6 billion above profile.
3. The £4.7 billion upside surprise in year-to-date central **government spending** was driven by:
  - **Consumption expenditure on goods and services**, which is £4.6 billion (4.6 per cent) above profile for the year to date. However, this figure is dependent on departmental returns, many of which are highly provisional at this time of year.
  - Other differences against profile over the first three months of 2023-24 are largely offsetting, with **net current grants** £1.7 billion up on our March forecast profile, **debt interest spending** £0.8 billion above profile due to higher-than-expected inflation, and **net social benefits** spending £1.8 billion below profile.
4. Borrowing by local authorities in the three months to June was £3.4 billion lower and borrowing by public corporations was £0.3 billion higher than our March profile respectively.
5. Borrowing in April and May has been revised up by £1.8 billion, due to updated local authority borrowing data and a downward revision to VAT receipts.
6. Public sector net debt (PSND) in June 2024 was 99.5 per cent of GDP, up 2.8 per cent of GDP on a year earlier and up 0.8 percentage points against profile. The data remain highly provisional at this time of year.

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<sup>1</sup> We have revised our presentation of the public sector finances in our monthly commentary to no longer exclude PSNB-neutral transfers to the Asset Purchase Facility (APF) and grants to local authorities. We will highlight these transfers when they are significant to the picture for the public finances. We welcome your feedback at: [feedback@obr.uk](mailto:feedback@obr.uk)

Table 1.1: Public sector receipts, expenditure and net borrowing<sup>1</sup>

	June			April to June						
	2024 outturn	2023 outturn	Change	2024 forecast	Outturn vs forecast	2024-25 outturn	2023-24 outturn	Change	2024-25 forecast	Outturn vs forecast
<b>Public sector net borrowing</b>	<b>14.5</b>	<b>17.8</b>	<b>-3.2</b>	<b>11.6</b>	<b>2.9</b>	<b>49.8</b>	<b>50.9</b>	<b>-1.1</b>	<b>46.6</b>	<b>3.2</b>
<i>of which:</i>										
Central government net borrowing	14.6	17.9	-3.3	11.7	2.9	64.3	62.0	2.2	57.9	6.4
Local authorities net borrowing	-1.7	-1.9	0.1	-1.5	-0.2	-8.1	-5.8	-2.3	-4.6	-3.4
Public corporations net borrowing	1.6	1.7	0.0	1.4	0.2	-6.4	-5.4	-1.0	-6.7	0.3
<b>Central government current receipts</b>	<b>79.9</b>	<b>78.7</b>	<b>1.2</b>	<b>79.5</b>	<b>0.4</b>	<b>233.0</b>	<b>230.6</b>	<b>2.4</b>	<b>234.7</b>	<b>-1.7</b>
<i>of which:</i>										
Income tax	20.4	19.4	1.0	20.3	0.1	58.1	56.2	1.9	58.7	-0.7
National Insurance contributions	13.9	15.2	-1.2	13.7	0.2	39.7	43.4	-3.7	39.3	0.4
VAT	14.2	13.9	0.3	14.2	0.0	42.5	42.6	-0.1	43.6	-1.1
Corporation tax <sup>2</sup>	8.0	7.5	0.5	7.9	0.1	24.5	22.2	2.3	23.5	1.0
Other taxes and receipts	23.3	22.6	0.6	23.3	0.0	68.2	66.2	2.0	69.5	-1.3
<b>Central government expenditure</b>	<b>94.5</b>	<b>96.6</b>	<b>-2.1</b>	<b>91.2</b>	<b>3.3</b>	<b>297.3</b>	<b>292.6</b>	<b>4.6</b>	<b>292.5</b>	<b>4.7</b>
<i>of which:</i>										
Interest payments	7.4	12.9	-5.5	7.4	0.1	24.4	31.0	-6.6	23.6	0.8
Net social benefits	25.0	24.0	1.1	25.4	-0.3	76.0	71.9	4.1	77.9	-1.8
Net current grants	14.4	15.2	-0.8	14.9	-0.5	47.5	46.1	1.4	45.7	1.7
Consumption expenditure on goods and services	35.3	33.3	2.0	33.5	1.8	103.9	99.1	4.8	99.4	4.6
Subsidies	2.4	3.3	-0.9	2.1	0.3	7.0	10.5	-3.5	6.4	0.5
Central government depreciation	3.5	3.2	0.3	3.5	0.0	10.5	9.6	0.9	10.5	0.1
Central government net investment	6.4	4.7	1.7	4.4	2.0	27.9	24.4	3.5	29.0	-1.1

<sup>1</sup> Data and forecasts contained in this table can be found from the following sources:

ONS public sector finances: <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/june2024>

HMRC tax receipts and national insurance contributions: <https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk>

OBR Economic and fiscal outlook March 2024 <https://obr.uk/efo/economic-and-fiscal-outlook-march-2024/>

<sup>2</sup> Less bank surcharge, electricity generator levy and energy profits levy.