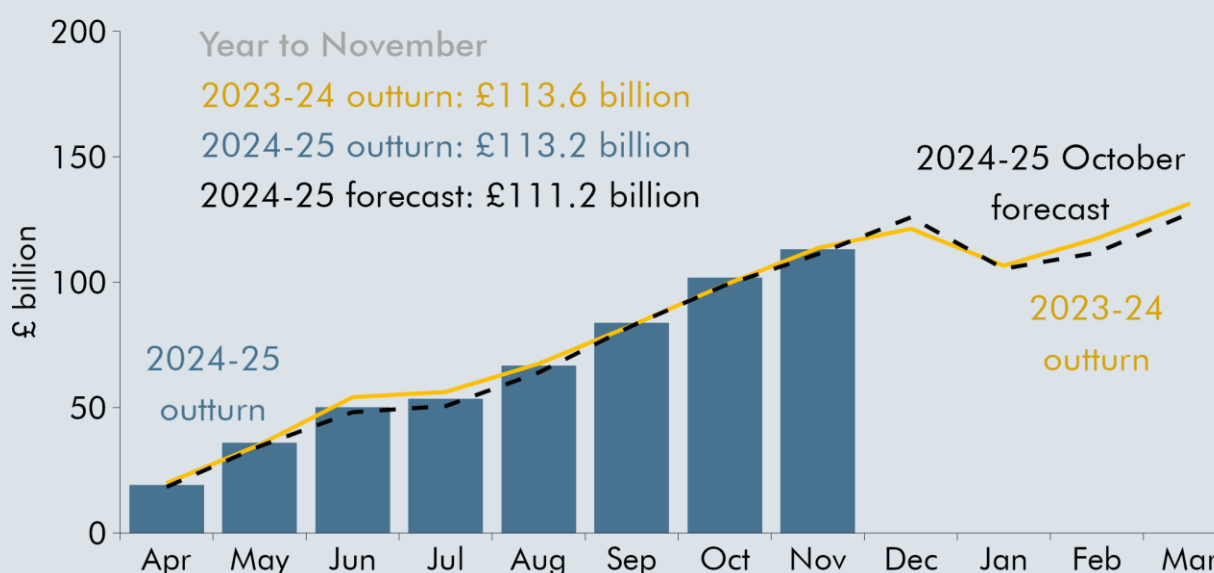


## Revisions push year-to-date borrowing above forecast

This morning's ONS release shows that borrowing in the first eight months of 2024-25 totalled **£113.2 billion**.<sup>1</sup> This is £0.4 billion below the same period last year but £2.0 billion above the monthly profile consistent with our October forecast. This difference reflects upward revisions to borrowing by local authorities and public corporations, which is only partially offset by lower-than-forecast central government expenditure.

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



Alongside this commentary we have published monthly profiles for receipts and spending over 2024-25 consistent with our October 2024 *Economic and fiscal outlook*. These incorporate outturn data up to August.

<sup>1</sup> In this commentary we compare latest outturns with monthly profiles consistent with our October *Economic and fiscal outlook*.

## Borrowing and debt

Public sector net borrowing was £113.2 billion in the first eight months of 2024-25, £2.0 billion (1.8 per cent) higher than our October forecast profile. Within this, central government net borrowing was £4.2 billion (3.1 per cent) below the forecast profile. This has been more than offset by local authority net borrowing which is £3.6 billion above the forecast profile and public corporations net borrowing which is £2.6 billion above the forecast profile – these differences are mainly due to ONS revisions to borrowing in these sectors in earlier months of the year (see below).

Net debt in November stood at 98.1 per cent of GDP, 1.1 per cent of GDP below forecast but 1.2 per cent of GDP higher than a year earlier.

## Central government receipts

Central government accrued receipts in the first eight months of 2024-25 were £2.9 billion (0.5 per cent) below forecast. Monthly HMRC cash receipts, a more timely indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £1.1 billion (1.7 per cent) below forecast in November and £0.6 billion (0.1 per cent) below forecast for the year to date. Within this:

- **PAYE income tax and NICs** cash receipts were £33.6 billion in November, as forecast, and £0.9 billion (2.7 per cent) above last year. For the year to date, receipts are £0.4 billion (0.2 per cent) above forecast. Cash receipts in November (relating to October salaries) were boosted by backdated pay awards in the NHS and other areas of the public sector.
- **Cash VAT receipts** were £15.5 billion in November, £0.4 billion (2.6 per cent) above forecast, and £1.0 billion (6.6 per cent) above last year. For the year to date, receipts were £0.9 billion (0.8 per cent) above forecast.
- **Corporation tax** cash receipts were £2.4 billion in November, £1.2 billion (33.8 per cent) below forecast, and £0.3 billion (11.8 per cent) below last year. November is not a key month for CT receipts and was affected by a high level of repayments related to previous years. December is a more important month with many of the biggest companies paying their quarterly instalment payment.
- **Stamp duty land tax (SDLT)** receipts were £1.3 billion in November, £0.3 billion (27.8 per cent) above forecast. For the year to date, receipts are £0.5 billion (6.4 per cent) above forecast. Both residential and non-residential property transactions increased sharply in October (up 21 per cent and 42 per cent respectively on a year earlier). Sales may have been brought forward ahead of the October 30 Budget. Some of the SDLT on these sales would be paid over to HMRC in November.

## Central government accrued spending

Central government accrued spending was £7.1 billion (0.9 per cent) below forecast over the first eight months of 2024-25. The main drivers of this were:

- **Debt interest** spending was £2.5 billion (4.2 per cent) below forecast, reflecting lower-than-forecast RPI inflation.

- **Central government net investment (CGNI)** was £1.6 billion (2.1 per cent) below forecast, most of which reflects the incorporation of a £0.9 billion capital grant to the public sector from Bulb.
- **Consumption expenditure on goods and services** was £1.1 billion (0.4 per cent) below forecast over the first eight months of 2024-25. Our October 2024 forecast accounted for increases announced in the Budget to departmental spending in this year and future years relative to our March 2024 forecast, with 2024-25 resource departmental spending revised up by £23.2 billion. The extent to which departments are able to spend this large increase by the end of the year adds additional uncertainty to the 2024-25 spending forecast.

## Revisions

Since publishing our October 2024 release, the ONS has increased its estimate of public sector net borrowing (PSNB ex) in 2023-24 by £6.3 billion, and over the first seven months of 2024-25 by £5.3 billion to £102.0 billion. Of this £5.3 billion upward revision to borrowing:

- £2.6 billion was the result of regular quarterly updates to local government data.
- £2.0 billion was because of regular annual updates to public sector funded pensions data.

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

	November					April to November				
	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>	11.2	14.7	-3.4	12.4	-1.2	113.2	113.6	-0.4	111.2	2.0
<i>of which:</i>										
Central government net borrowing	6.7	10.1	-3.4	8.8	-2.1	128.4	130.6	-2.1	132.6	-4.2
Local authorities net borrowing	3.4	2.9	0.6	2.4	1.0	2.2	3.1	-0.9	-1.4	3.6
Public corporations net borrowing	1.1	1.7	-0.6	1.2	-0.1	-17.4	-20.0	2.7	-20.0	2.6
<b>Central government current receipts</b>	81.5	78.4	3.2	81.4	0.1	651.2	629.4	21.9	654.2	-2.9
<i>of which:</i>										
Income tax	20.5	18.9	1.6	20.7	-0.1	172.8	159.7	13.1	174.1	-1.3
National Insurance contributions	13.6	14.6	-1.0	13.6	0.0	108.1	115.5	-7.4	107.5	0.6
VAT <sup>2</sup>	14.8	14.5	0.3	14.5	0.4	115.7	112.9	2.8	114.2	1.5
Onshore corporation tax <sup>3</sup>	8.8	7.7	1.1	9.0	-0.2	65.2	57.9	7.4	66.8	-1.5
Other taxes and receipts	23.7	22.6	1.2	23.7	0.0	189.4	183.4	6.0	191.6	-2.2
<b>Central government expenditure</b>	88.2	88.4	-0.2	90.2	-2.0	779.7	759.9	19.7	786.8	-7.1
<i>of which:</i>										
Interest payments	3.0	7.7	-4.7	5.5	-2.6	56.7	63.4	-6.8	59.2	-2.5
Net social benefits	25.4	24.2	1.2	24.6	0.7	204.0	195.5	8.5	204.8	-0.8
Net current grants	13.1	12.1	1.0	13.3	-0.2	116.8	112.8	4.0	117.8	-1.0
Consumption expenditure on goods and services	36.6	34.0	2.6	36.5	0.1	283.1	267.8	15.3	284.2	-1.1
Subsidies	2.4	2.4	-0.1	2.3	0.1	18.7	22.1	-3.4	18.6	0.1
Central government depreciation	3.6	3.3	0.3	3.6	-0.1	27.8	26.0	1.8	28.0	-0.3
Central government net investment	4.2	4.7	-0.5	4.4	-0.2	72.6	72.4	0.2	74.2	-1.6

<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/november2024>

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* October 2024: <https://obr.uk/efo/economic-and-fiscal-outlook-october-2024>

<sup>2</sup> Excluding VAT refunds.

<sup>3</sup> Less bank surcharge and residential property developer tax.