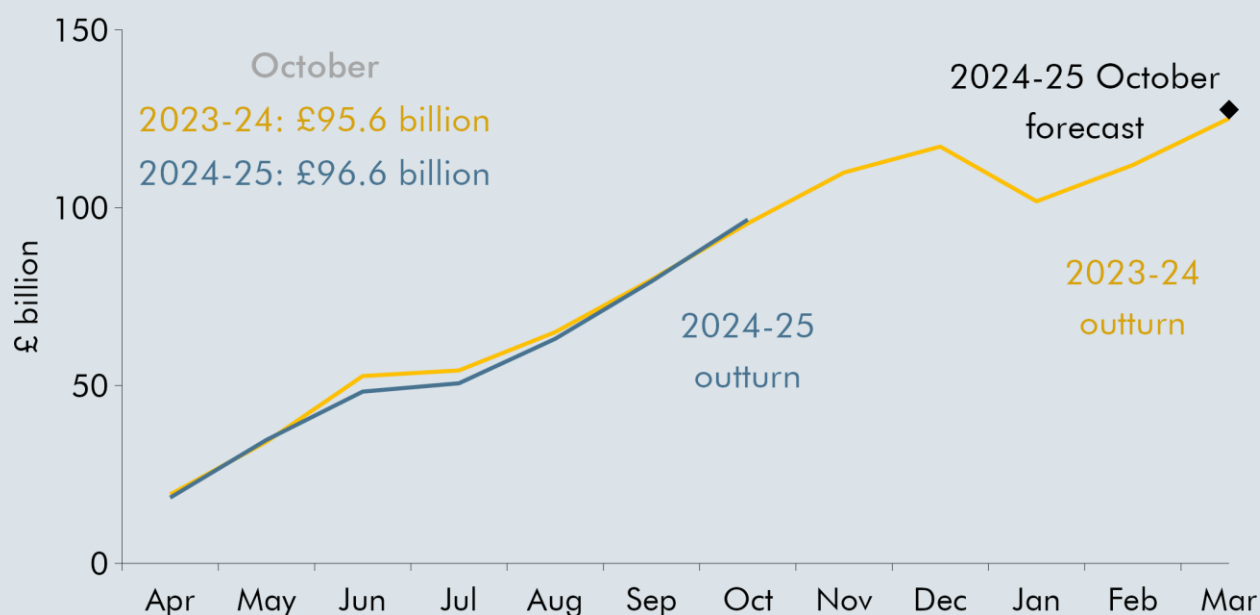


Year-to-date borrowing slightly up on previous year

This morning's ONS release shows that borrowing in the first seven months of 2024-25 totalled **£96.6 billion**. This is £1.1 billion above the same period last year. The year-on-year increase is driven primarily by higher central government spending, particularly departmental consumption expenditure and welfare spending. Strength in receipts compared to last year has offset a significant portion of the higher expenditure.

Public sector net borrowing in the year to date: current vs previous year



In this commentary we compare latest outturns for the first seven months of 2024-25 with the same period last year. Next month, we will publish monthly profiles consistent with our October 2024 *Economic and fiscal outlook (EFO)*, and compare the latest outturns to these. In this latest forecast, borrowing over the whole of 2024-25 is expected to be £2.4 billion higher than in 2023-24.

Borrowing and debt

Public sector net borrowing was £96.6 billion in the first seven months of 2024-25. This was £1.1 billion (1.1 per cent) above the same period last year.

Net debt in October stood at 97.5 per cent of GDP, up 1.6 per cent of GDP on a year earlier. Net financial liabilities were 83.7 per cent of GDP, up 2.5 per cent of GDP on last year. These estimates incorporate the ONS's latest estimates of monthly nominal GDP.

Central government receipts

Central government accrued receipts in the first seven months of 2024-25 were £18.8 billion (3.4 per cent) above the same period last year. HMRC cash receipts, a more timely indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £13.1 billion (2.8 per cent) above the same period last year, and £2.0 billion (2.9 per cent) above last year in October. Within this:

- **PAYE income tax and NICs** cash receipts were £33.1 billion in October, £0.1 billion (0.2 per cent) above last year. Over the year to date, these were £5.7 billion (2.3 per cent) above the same period last year – with stronger PAYE receipts (up 7.9 per cent) reflecting the combination of more persistent earnings growth and fixed tax thresholds partly offset by weaker NICs receipts (down 5.0 per cent), due to the reductions to the main rate of employee NICs announced by the previous Government.
- **Cash VAT receipts** were £18.9 billion in October, £0.6 billion (3.0 per cent) above last year. Over the year to date, these were £1.7 billion (1.7 per cent) above the same period last year.
- **Corporation tax** cash receipts were £6.1 billion in October, £0.6 billion (10.7 per cent) above last year. Payments from small companies were up by 13 per cent, chiefly reflecting the rise in the main rate of corporation tax, but weaker than we had assumed in our March *EFO* forecast. Lower gas prices this year also reduced instalment payments from oil and gas firms in October. Over the year to date, corporation tax cash receipts were £4.5 billion (10.2 per cent) above the same period last year.

Central government accrued spending

Central government spending was £20.0 billion (3.0 per cent) above the same period last year over the first seven months of 2024-25.

- **Consumption expenditure on goods and services** was £11.9 billion (5.1 per cent) above the same period last year over the first seven months of 2024-25. Departmental expenditure has been consistently above the previous year and our March 2024 forecast profile over the year to date, with September and October data incorporating the 2024-25 Pay Review Body pay settlements.
- **Net social benefits** spending was £7.2 billion (4.2 per cent) above the same period last year, with inflation-linked uprating more than offsetting the end of the cost-of-living payments.
- **CGNI** was £1.8 billion (2.7 per cent) above the same period last year. The data now include the first significant payment to the Horizon compensation scheme.

- Offsetting this, **debt interest** spending was £2.2 billion (3.9 per cent) below the same period last year, reflecting the path of inflation.

Revisions

Borrowing over the current and previous fiscal years has been revised.

- In the year to September, borrowing has been revised down by £0.3 billion. This includes offsetting downwards revisions to corporation tax (reflecting small company corporation tax) and downwards revisions to spending (the largest element of which reflects higher payments into NHS pension schemes following recent pay deals).
- Borrowing over 2023-24 has been revised up by £3.2 billion, almost entirely explained by lower-than-expected small company corporation tax.