

Commentary on the Public Sector Finances: April 2024

Office for
Budget
Responsibility

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Borrowing in April slightly above forecast

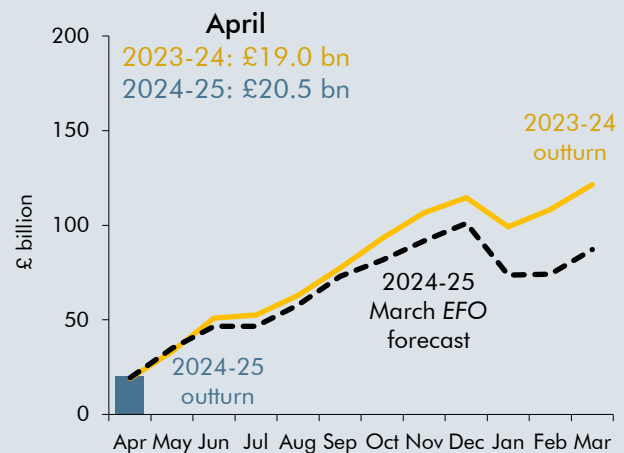
Initial outturns for April 2024 suggest that borrowing was £1.2 billion (6.3 per cent) higher than our March forecast profile. This was driven by each of departmental expenditure on goods and services and spending on net social benefits coming in above forecast, and central government receipts coming in below forecast (by £0.8 billion in each case). Local authorities' borrowing provided a partial offset. However, these data remain provisional at this time of year, in particular for departmental spending which is often subject to large revisions.

Government borrowing over 2023-24 has been revised up by £0.8 billion, and now stands at £121.4 billion, £7.3 billion (6.4 per cent) above our March forecast.

Headlines

- **Public sector net borrowing (PSNB)** is estimated at £20.5 billion in April, up £1.5 billion (8.1 per cent) on last year and £1.2 billion (6.3 per cent) above our March forecast profile.
- **Central government accrued receipts** were £77.4 billion in April, up £1.2 billion (1.6 per cent) on last year and £0.8 billion (1.0 per cent) below profile.
- **Central government accrued spending**¹ in April was £84.6 billion, up £2.8 billion (3.4 per cent) on last year and £1.3 billion (1.5 per cent) above our March profile.
- **Net debt** in April stood at 97.9 per cent of GDP, up 2.6 percentage points on a year earlier and close to profile.
- **Revisions:** borrowing over 2023-24 was revised up by £0.8 billion, meaning it is now £7.3 billion higher than our March 2024 forecast.

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



Detail

1. The Office for National Statistics (ONS) and HM Treasury published their Statistical Bulletin on the April 2024 Public Sector Finances this morning. Each month the OBR provides a brief analysis of the data and a comparison to our most recent forecast – in this instance our March 2024 *Economic and fiscal outlook (EFO)*.¹
2. In this release, we compare outturn with 2024-25 monthly profiles for receipts and spending consistent with our March 2024 *EFO* forecast, which were published on 9 May.² This profile assumes growth in HMRC cash receipts compared to 2023-24 will primarily be seen in the final quarter of 2024-25. This is because our March forecast assumed stronger self-assessment income tax in January 2025 than seen this year, and also assumed a recovery in PAYE from bonus payments in February and March 2025 compared to this year. The profile for central government spending on subsidies and net social benefits is smoother than in 2023-24, as it no longer includes one-off spending on energy support schemes, cost-of-living payments, and Covid support schemes.
3. Central government accrued receipts in April 2024 were £0.8 billion lower than our March forecast profile. HMRC cash receipts, a more timely indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £0.4 billion (0.5 per cent) above profile in April:
 - **Cash VAT receipts** were up £0.4 billion against profile – this reflects lower repayments in April than we had assumed in our profile. It is possible that this will unwind over May and June.
 - **PAYE income tax and NICs cash receipts** were down £0.2 billion against profile. April cash receipts relate to March salaries, which is the biggest month for bonuses. The overall bonus season was weaker than we expected in our March forecast, but there was some rebound in bonuses from earlier months in the latest average weekly earnings data.
4. Central government spending data for April is largely provisional, and there is a high degree of uncertainty around these estimates until more detailed departmental information becomes available later in the year. Spending in April was £1.3 billion (1.5 per cent) above profile, reflecting:
 - **Consumption expenditure on goods and services** and **net social benefits** spending were both £0.8 billion above profile (2.4 per cent and 3.0 per cent respectively). Departmental expenditure data is highly provisional at this time of year.
 - **Debt interest** spending was £0.4 billion (4.4 per cent) above profile, largely due to the path of RPI relative to our forecast.

¹ Throughout this commentary when we refer to spending we exclude two PSNB-neutral intra-public sector transfers that can be large and uneven from month to month, thereby distorting the signal from the monthly path of the public finances data. These relate to: (1) the Asset Purchase Facility (APF, affecting central government receipts, central government expenditure and public corporations net borrowing); and (2) grants to local authorities (affecting central government expenditure and local authorities net borrowing).

² See <https://obr.uk/monthly-profiles-for-2024-25/>

5. Borrowing by local authorities in April was £1.1 billion lower and borrowing by public corporations was £0.2 billion higher than our March profile respectively.
6. Borrowing in 2023-24 has been revised up by £0.8 billion, and is now £7.3 billion above our March 2024 forecast. PAYE income tax and NICs now account for £4.8 billion of the overshoot in borrowing. In particular, financial sector bonuses have been weaker than anticipated. Detailed average weekly earnings data indicates that bonus pay in the sector between December and March fell 1.9 per cent on a year earlier. The revisions to 2023-24 borrowing since last month reflect several factors:
 - **Interest and dividend receipts** have been revised up by £0.8 billion.
 - **Corporation tax** receipts have been revised down by £2.1 billion as March forecast information was fully incorporated into the ONS data.
 - **Central government net investment** has been revised up by £1.1 billion, due to higher expenditure on gross fixed capital formation across several departments and higher capital grants to local government.
7. Public sector net debt (PSND) in April 2024 was 97.9 per cent of GDP, up 2.6 per cent of GDP on a year earlier and close to profile.

Table 1.1: Public sector receipts, expenditure and net borrowing¹

			April		Outturn vs forecast
	2024 outturn	2023 outturn	Change	2024 forecast	
Headline aggregates					
Central government current receipts	77.4	76.2	1.2	78.2	-0.8
Central government expenditure ex local authority grants and APF ³	84.6	81.8	2.8	83.3	1.3
Local authorities net borrowing ex local authority grants ³	11.7	12.0	-0.3	12.8	-1.1
Public corporations net borrowing ex Asset Purchase Facility ³	1.6	1.3	0.3	1.4	0.2
Public sector net borrowing	20.5	19.0	1.5	19.3	1.2
<i>of which:</i>					
Central government net borrowing	34.2	31.1	3.1	31.6	2.6
Local authorities net borrowing	-4.0	-3.6	-0.3	-2.8	-1.2
Public corporations net borrowing	-9.8	-8.5	-1.3	-9.5	-0.2
Central government current receipts	77.4	76.2	1.2	78.2	-0.8
<i>of which:</i>					
Income tax	19.9	19.0	0.9	19.7	0.2
National Insurance contributions	12.7	14.2	-1.5	12.6	0.1
VAT	14.7	14.0	0.7	14.7	0.0
Corporation tax ²	7.8	6.9	0.9	7.8	0.1
Other taxes and receipts	22.3	22.1	0.2	23.4	-1.1
Central government expenditure	111.7	107.3	4.4	109.8	1.9
<i>of which:</i>					
Interest payments	8.6	10.4	-1.7	8.3	0.4
Net social benefits	27.1	25.0	2.1	26.3	0.8
Net current grants	17.3	17.4	-0.1	17.5	-0.2
Consumption expenditure on goods and services	33.4	31.3	2.0	32.6	0.8
Subsidies	2.2	3.8	-1.6	2.2	0.0
Central government depreciation	3.5	3.2	0.3	3.5	0.0
Central government net investment	19.5	16.1	3.4	19.4	0.1
<i>Memo: CGNI ex APF and LA capital grants</i>	<i>6.7</i>	<i>5.1</i>	<i>1.6</i>	<i>7.4</i>	<i>-0.7</i>

¹ 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/april2024>

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/>

² Less bank surcharge, electricity generator levy and energy profits levy.

³ Excluding PSNB-neutral intra-public sector flows (the Asset Purchase Facility and local authority grants) to aid monthly monitoring.