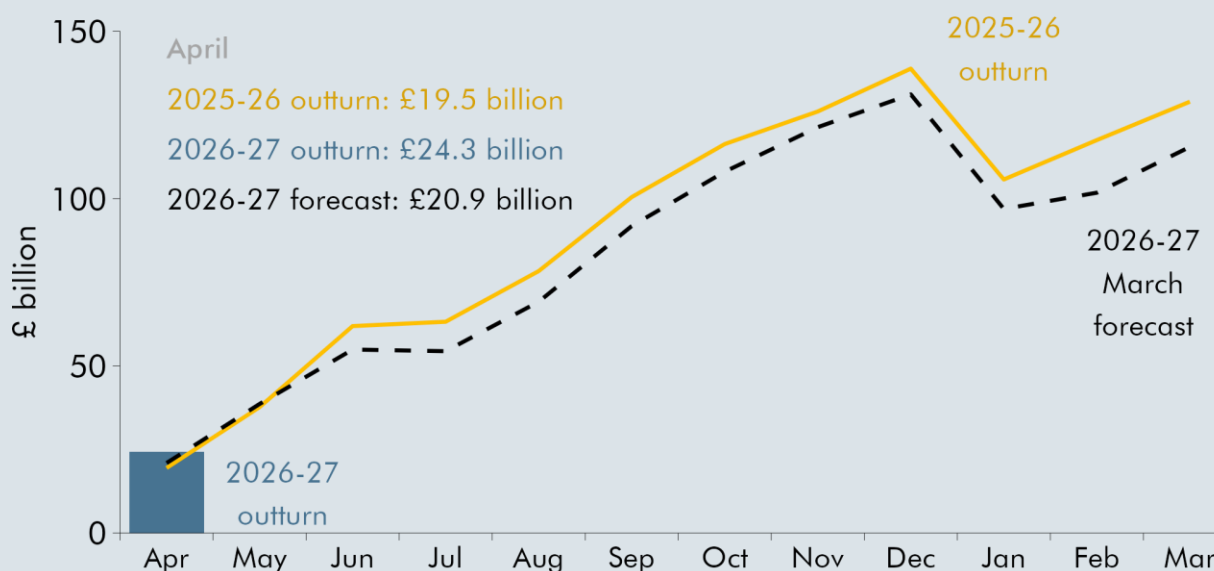


Revisions bring 2025-26 borrowing slightly below forecast

This morning's ONS release revised down borrowing estimates for the 2025-26 full year by £3 billion. Borrowing in 2025-26 is now estimated at £129 billion, which is £3.7 billion below our March 2026 forecast. This revision largely reflects the impact of additional cash receipts in April that accrue to the previous year as well as the incorporation of lagged spending data. Further revisions to 2025-26 are likely later in the year when additional data on spending and local authority borrowing becomes available.

The initial estimate for borrowing in April 2026 is £4.9 billion above the same month last year and £3.4 billion above the monthly profile consistent with our March forecast. However, at this very early stage of the year this provides limited information on the likely path of borrowing over the remainder of the year. Central government expenditure in April is initially estimated to be slightly higher than expected. However, at this point in the year departmental spending estimates are highly provisional and likely to be revised later in the year. Accrued tax receipts in April are estimated to be slightly below profile. However, HMRC cash receipts for April were slightly higher than profile.

Public sector net borrowing in the year to date: March 2026 OBR forecast vs latest ONS outturns



This release uses monthly profiles for borrowing, receipts and spending in 2026-27 consistent with our March 2026 forecast. We expect receipts to be more skewed towards the end of the financial year relative to most previous years, reducing borrowing in the final part of the year compared to previous years. This is partially driven by additional receipts from the new Temporary Repatriation Facility, which is one element of the reforms of the previous non-domiciled tax regime. As we set out when these reforms were announced the estimated yield from this policy is highly uncertain.

Borrowing and debt

Public sector net borrowing was estimated to be £24.3 billion in April. This was £4.9 billion above the same period last year and £3.4 billion above forecast. Within this, central government net borrowing was £33.3 billion, £3.2 billion above forecast, borrowing by local authorities was -£4.5 billion (a surplus), £0.3 billion above forecast, and borrowing by public corporations was -£4.5 billion (a surplus), £0.6 billion below forecast.

The current budget deficit was £17.4 billion in April, £2.6 billion above forecast, while the central government net cash requirement was £15.5 billion, £6.5 billion below forecast.

Net debt in April stood at 94.2 per cent of GDP, up 0.5 per cent of GDP on a year earlier, and 0.1 per cent of GDP below forecast.

Central government receipts

Central government accrued receipts in April were estimated to be £0.9 billion (1.0 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 £0.8 billion (0.9 per cent) above forecast and £6.3 billion (7.8 per cent) above last year in April. Within this:

- **PAYE income tax and NICs** cash receipts were £52.9 billion in April, very close to forecast (£0.2 billion (0.4 per cent) below), and £4.6 billion (9.5 per cent) above last year. April cash receipts mainly reflect March salaries which is the biggest month for financial sector bonuses. Average weekly earnings data suggests bonuses in the financial sector rose by 9.4 per cent year on year during the bonus season.
- **Cash VAT receipts** were £20.5 billion in April, £1.7 billion (8.9 per cent) above forecast, and £1.5 billion (8.0 per cent) above last year. Repayments were lower than expected but can be volatile between months. April cash VAT receipts are assumed to relate to consumer spending between January and March, so are accrued back to 2025-26.
- **Corporation tax** cash receipts were £5.0 billion in April, very close to forecast (£0.1 billion below), and £0.5 billion (11.1 per cent) above last year.

Central government accrued spending

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. Central government accrued spending was provisionally estimated to be £2.3 billion (2.0 per cent) above forecast in April. Within this:

- **Net social benefits** spending was £1.3 billion (4.8 per cent) above forecast. These figures are highly provisional because they contain figures sourced from departmental plans and Treasury information on the spending profile of various programmes so this may unwind in future months.
- **Net current grants** were £1.0 billion (5.3 per cent) above forecast. Most of this is explained by higher central government grants to local authorities. The timing of payment of central

government grants to local authorities within the year varies, so we expect this to unwind in future months.

- **Consumption expenditure on goods and services, debt interest, subsidies, and central government net investment** were all close to profile.

Revisions

Borrowing over 2025-26 has been revised down by £3.0 billion, reflecting:

- An upward revision of £1.3 billion in central government accrued receipts, bringing the shortfall relative to the March forecast to £2.6 billion (0.2 per cent). As discussed above, this mainly reflects April cash VAT receipts that have been accrued back to the previous quarter.
- Central government current spending was revised down by £1.7 billion, principally reflecting reductions in consumption (£0.8 billion) and net social benefits (£0.7 billion).
- This was partially offset by a £0.7 billion increase in net investment. These changes mainly reflect the incorporation of lagged outturn data.
- Additional downwards revisions to borrowing by local authorities of £0.8 billion. This reduction reflects lagged outturn data on grants to local government.

These revisions leave public sector net borrowing over 2025-26 at £129 billion, £3.7 billion lower than forecast in March. Further revisions to 2025-26 are likely later in the year when additional data on spending and local authority borrowing becomes available.

Table 1.1: Public sector receipts, expenditure and net borrowing¹

	April				
	2026 outturn	2025 outturn	Change	2026 forecast	Outturn vs forecast
Public sector net borrowing	24.3	19.5	4.9	20.9	3.4
<i>of which:</i>					
Central government net borrowing	33.3	26.8	6.6	30.1	3.2
Local authorities net borrowing	-4.5	-4.4	-0.1	-4.1	-0.3
Public corporations net borrowing	-4.5	-2.9	-1.5	-5.1	0.6
Central government current receipts	85.5	83.1	2.4	86.4	-0.9
<i>of which:</i>					
Income tax	21.9	21.0	0.9	22.2	-0.3
National Insurance contributions	15.3	15.0	0.3	15.3	0.0
VAT ²	15.4	15.0	0.3	15.4	0.0
Onshore corporation tax ³	8.0	7.6	0.4	7.9	0.1
Other taxes and receipts	25.0	24.5	0.5	25.6	-0.7
Central government expenditure	118.8	109.9	8.9	116.5	2.3
<i>of which:</i>					
Interest payments	10.3	9.4	0.9	10.7	-0.4
Net social benefits	29.5	26.7	2.7	28.1	1.3
Net current grants	19.8	19.3	0.5	18.8	1.0
Consumption expenditure on goods and services	38.8	37.2	1.7	38.3	0.6
Subsidies	2.7	2.4	0.3	2.8	-0.1
Central government depreciation	3.9	3.6	0.3	3.9	0.0
Central government net investment	13.9	11.4	2.5	14.0	-0.1

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/april2026>

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 2026: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2026>

² Excluding VAT refunds.

³ Less bank surcharge, residential property developer tax, electricity generators levy and Pillar 2.