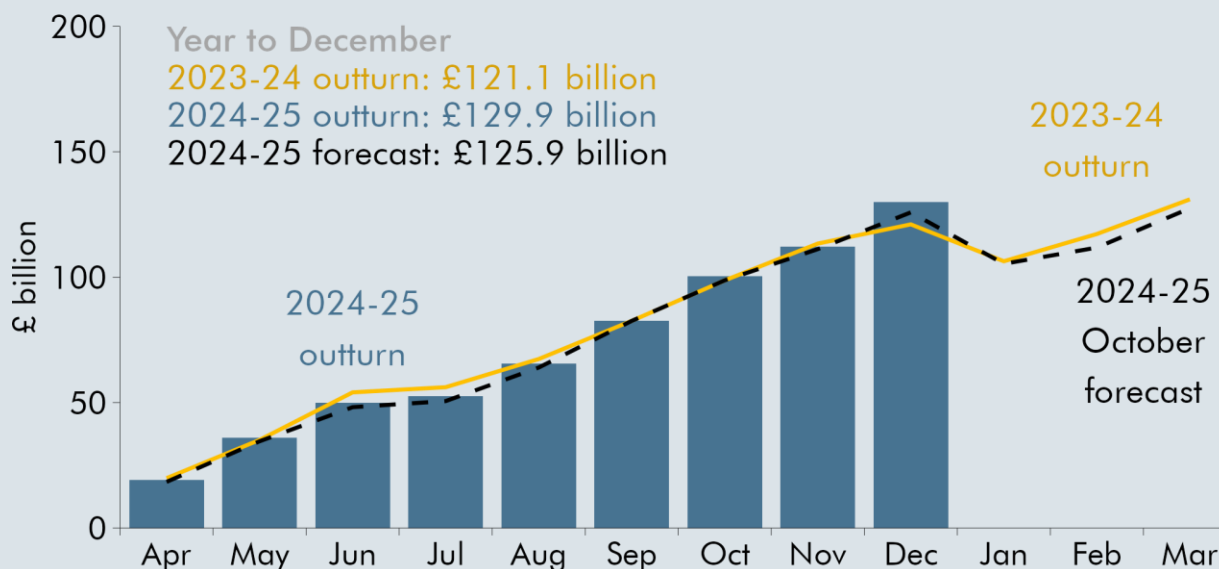


Year-to-date borrowing remains above forecast due to higher-than-expected local authority borrowing

This morning's ONS release¹ estimates that borrowing in the first nine months of 2024-25 totalled **£129.9 billion**. This is £4.1 billion above the monthly profile consistent with our October forecast. This upside surprise against profile reflects higher-than-expected borrowing by local authorities and public corporations, with central government borrowing – the largest sector – slightly below profile.

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



Cash tax receipts for the year to date are broadly in line with the October forecast profile (just £0.8 billion, or 0.1 per cent, above). However, January is a key month for receipts, with self-assessed (SA) income tax and capital gains tax due on 31 January, meaning there are still risks to the full-year forecast. The forecast profile assumes a £9.2 billion rise in these receipts in January and February combined, relative to the previous year. This forecast increase reflects the April 2023 reduction in the additional rate of income tax threshold, a sharp rise in savings income in 2023-24, and a return to more usual levels of dividend income which had previously been depressed by the unwinding of forestalling related to the April 2022 dividend tax rise.

¹ 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 is estimated to be £129.9 billion in the first nine months of 2024-25, £4.1 billion (3.2 per cent) above our October forecast profile. This reflects local authorities and public corporations net borrowing estimated at £4.1 billion and £2.4 billion above forecast, respectively. Central government net borrowing, which is the largest component of public sector borrowing, is slightly below profile, by £2.4 billion.

Net debt in December stood at 97.2 per cent of GDP, up 0.3 per cent of GDP on a year earlier.

Central government receipts

Central government accrued receipts in the first nine months of 2024-25 are currently estimated by the ONS to be £1.8 billion (0.2 per cent) below the October forecast profile. Monthly HMRC cash receipts in December, a more timely indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £1.4 billion (2.0 per cent) above forecast and £4.6 billion (7.0 per cent) above last year. For the year to date, cash receipts are broadly in line with the October forecast profile (just £0.8 billion, or 0.1 per cent, above). Within this:

- **PAYE income tax and NICs** cash receipts were £34.4 billion in December, £0.8 billion (2.3 per cent) above forecast and £1.9 billion (6.0 per cent) above last year. Growth this month was boosted by backdated civil service pay awards. For the year to date, cash income tax and NICs receipts are £0.6 billion (0.2 per cent) below forecast.
- **Self-assessed income tax and capital gains tax (CGT)** cash receipts were £2.8 billion in December, £0.4 billion (17.3 per cent) above forecast, and £0.9 billion (47.9 per cent) above last year.
- **Cash VAT receipts** were £8.6 billion in December, £0.2 billion (2.9 per cent) above forecast, and £0.4 billion (4.2 per cent) below last year. For the year to date, receipts were £126.7 billion, 0.9 per cent above profile.
- **Corporation tax** cash receipts were £16.6 billion in December, £0.4 billion (2.3 per cent) above forecast, and £2.3 billion (15.9 per cent) above last year. For the year to date, corporation tax receipts are £1.0 billion below profile.
- **Stamp duty land tax (SDLT)** cash receipts were £1.5 billion in December, £0.4 billion (40.6 per cent) above forecast and £0.4 billion (36.4 per cent) above last year. Residential property transactions have been higher than expected in recent months, reflecting a more buoyant housing market and potentially more sales ahead of the increase in SDLT rates from April 2025. For the year to date, receipts are £10.6 billion, £1.0 billion (10.2 per cent) above forecast.

Central government accrued spending

Central government accrued spending in December was £12.9 billion higher than the same month last year, due to a combination of higher debt interest, consumption, and net investment. Monthly figures for government consumption and net investment can be volatile, so the year-to-date position provides a better indicator of progress against the forecast. The October forecast more than anticipated this year-on-year rise in spending, meaning that central government accrued spending is

currently estimated by the ONS to be £4.2 billion (0.5 per cent) below the forecast profile over the first nine months of 2024-25. Within this:

- **Debt interest** spending was £2.0 billion (3.0 per cent) below forecast for the year to date, reflecting below-forecast index-linked gilt spending owing to lower-than-forecast RPI inflation. Month-on-month RPI for September, which is linked to November debt interest spending due to the indexation lag on index-linked gilts, was -0.3 per cent, compared with a forecast of -0.1 per cent.
- **Central government net investment (CGNI)** was £1.1 billion (1.4 per cent) below forecast for the year to date, largely reflecting the incorporation of a £0.9 billion capital grant to the public sector from Bulb.
- **Consumption expenditure on goods and services**, the largest component of expenditure, was just £0.1 billion above forecast for the year to date.

Revisions

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

- In the year to November, borrowing has been revised down by £1.1 billion, largely the result of upward revisions to tax receipts.
- Borrowing over 2023-24 has been revised down by £0.3 billion, again due to higher tax receipts.

Table 1.1: Public sector receipts, expenditure and net borrowing¹

	December					April to December				
	2024 outturn	2023 outturn	Change	2024 forecast	Outturn vs forecast	2024-25 outturn	2023-24 outturn	Change	2024-25 forecast	Outturn vs forecast
Public sector net borrowing	17.8	7.7	10.1	14.6	3.2	129.9	121.1	8.9	125.9	4.1
<i>of which:</i>										
Central government net borrowing	14.7	4.1	10.6	12.2	2.5	142.4	134.5	7.9	144.8	-2.4
Local authorities net borrowing	2.3	1.9	0.4	1.4	0.8	4.1	5.0	-0.9	0.0	4.1
Public corporations net borrowing	0.8	1.7	-0.9	1.1	-0.2	-16.5	-18.4	1.8	-18.9	2.4
Central government current receipts	85.6	83.2	2.3	85.4	0.1	737.8	713.0	24.8	739.6	-1.8
<i>of which:</i>										
Income tax	24.9	22.3	2.7	24.6	0.3	198.4	182.0	16.5	198.7	-0.2
National Insurance contributions	13.9	16.1	-2.2	13.9	0.0	122.2	131.7	-9.5	121.4	0.8
VAT ²	14.7	14.6	0.0	14.7	0.0	130.0	127.5	2.5	128.9	1.1
Onshore corporation tax ³	8.5	7.6	0.8	8.6	-0.2	73.0	65.2	7.8	74.0	-0.9
Other taxes and receipts	23.6	22.5	1.0	23.6	0.0	214.1	206.7	7.5	216.6	-2.5
Central government expenditure	100.2	87.4	12.9	97.6	2.7	880.2	847.5	32.7	884.4	-4.2
<i>of which:</i>										
Interest payments	8.3	4.5	3.8	7.8	0.5	65.0	68.0	-3.0	67.0	-2.0
Net social benefits	25.9	23.7	2.2	25.9	0.0	229.8	219.2	10.6	230.7	-0.9
Net current grants	15.3	13.9	1.4	14.2	1.1	131.3	126.7	4.5	132.0	-0.7
Consumption expenditure on goods and services	37.0	34.2	2.9	36.9	0.1	321.1	301.9	19.2	321.0	0.1
Subsidies	2.5	2.5	0.0	2.3	0.2	21.8	24.8	-3.1	20.9	0.9
Central government depreciation	3.6	3.3	0.3	3.6	-0.1	31.3	29.2	2.1	31.6	-0.3
Central government net investment	7.7	5.2	2.5	6.9	0.8	80.0	77.6	2.4	81.1	-1.1

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/december2024>

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>

² Excluding VAT refunds.

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