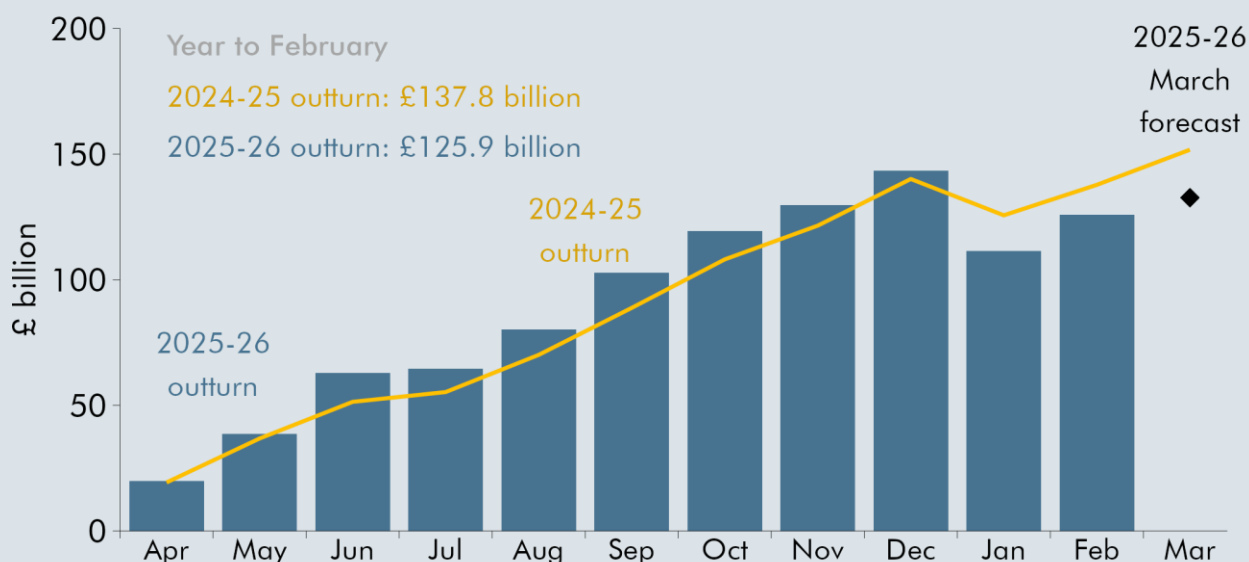


## Year-to-date borrowing remains below previous year

This morning's ONS release estimates that borrowing in the first 11 months of 2025-26 totalled **£125.9 billion**. This is £11.9 billion below the same period last year due to higher central government receipts which are only partly offset by higher central government spending. Borrowing so far this year remains broadly in line with our March 2026 full-year forecast for 2025-26.

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



In this commentary we compare the provisional outturn over the first 11 months of the year both to the same period last year and to the full-year forecast figures for 2025-26 from our March 2026 *Economic and fiscal outlook (EFO)*. Our next monthly commentary will be published on 23 April and will compare our full-year March 2026 forecast for 2025-26 to the ONS's initial and provisional estimate of the full-year outturn. We will publish monthly profiles for 2026-27 consistent with our latest forecast alongside this.

## Borrowing and debt

Public sector net borrowing was £125.9 billion in the first 11 months of 2025-26. This was £11.9 billion (8.7 per cent) below the same period last year. Within this, central government net borrowing was £118.3 billion, while borrowing by local authorities was £16.1 billion and borrowing by public corporations was -£8.5 billion (a surplus).

Year-to-date borrowing remains broadly consistent with our March full-year forecast for 2025-26. However, even at this stage of the year the full-year borrowing forecast is subject to uncertainties, particularly around: the volume of end-year receipts from financial sector bonuses; the degree to which departmental spending will be back-loaded; and the final full-year estimate for local authority borrowing. Final public corporations outturn data is also only available with a significant lag. For full-year public sector net borrowing to match the March 2026 forecast would imply borrowing in the initial March estimate of £6.9 billion, which would be lower than in recent years. However, we expect full-year local authority net borrowing to be revised up later in the year compared to the ONS's initial full-year estimate. Since 2022-23, the ONS has consistently revised up local authority spending after the end of the financial year after taking on final outturn figures from the Ministry of Housing, Communities and Local Government (see para 4.17 of the March 2026 EFO).

The current budget deficit was £62.1 billion in the first 11 months of 2025-26, while the central government net cash requirement was £107.6 billion. Net debt in February stood at 93.1 per cent of GDP, down 0.2 per cent of GDP on a year earlier.

## Central government receipts

Central government accrued receipts in the first 11 months of 2025-26 were £79.0 billion (8.4 per cent) above the same period last year. This is broadly in line with the March 2026 full-year receipts forecast. To match this forecast, 9.7 per cent of full-year central government receipts would need to be accrued in the final month of the year, which is in line with the average over the past three years.

Monthly HMRC cash receipts, a more timely indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £6.9 billion (10.1 per cent) above last year in February. Within this:

- **PAYE income tax and National Insurance contributions (NICs)** cash receipts were £41.2 billion in February, £4.6 billion (12.6 per cent) above last year. For the year to date, PAYE income tax and NICs receipts are £43.2 billion (11.0 per cent) above the same period last year. Strong growth in these receipts primarily reflects the changes to the thresholds and rates of employer NICs announced at the Autumn 2024 Budget. Receipts for the full financial year remain uncertain as the size of the end-year peak in financial sector bonuses typically varies significantly from year to year.
- **Self-assessed (SA) income tax and capital gains tax (CGT)** cash receipts were £7.2 billion in February, £2.6 billion (56.0 per cent) above last year. For the year to date, SA income tax and CGT receipts are £16.4 billion (26.9 per cent) above the same period last year. CGT receipts have been boosted by disposals of assets in 2024-25 to benefit from lower rates ahead of anticipated policy changes at the Autumn 2024 Budget, with the CGT on these disposals due at the end of January 2026.

- **Cash VAT receipts** were £16.3 billion in February, £0.1 billion (0.7 per cent) above last year. For the year to date, cash VAT receipts are £9.2 billion (5.7 per cent) above the same period last year.
- **Corporation tax** cash receipts were £2.7 billion in February, £0.3 billion (9.4 per cent) below last year reflecting repayments relating to historical years and timing effects. For the year to date, corporation tax receipts are £2.1 billion (2.8 per cent) above the same period last year.

## Central government accrued spending

Central government accrued spending was £57.0 billion (5.3 per cent) above the same period last year over the first 11 months of 2025-26. This year-to-date position is broadly consistent with the full year March 2026 forecast. To match this forecast, 9.2 per cent of central government spending would need to take place in the final month of 2025-26, which is close to the 9.4 per cent average over the past three years. Within this:

- **Consumption expenditure on goods and services**, a large proportion of which relates to departmental resource spending (RDEL), was £27.2 billion (6.9 per cent) above the same period last year. Our March 2026 forecast implies that 8.2 per cent of consumption expenditure will occur in the final month of 2025-26, slightly below the pattern observed in the past three years. There is therefore a risk that consumption expenditure could come in higher than forecast if departments have reprofiled their budgets to spend more than usual in the final month of the year.
- **Net social benefits** spending was £20.0 billion (7.1 per cent) above the same period last year, reflecting caseload growth and inflation-linked uprating.
- **Central government net investment (CGNI)** was £10.5 billion (10.6 per cent) below the same period last year. Our March 2026 forecast implies 17.2 per cent of central government net investment will occur in the final month of 2025-26, slightly below the average over the past three years. As with consumption expenditure, there is a risk that CGNI will be above our latest forecast over the full year if the usual end-year surge in capital spending is greater than we expect.
- Spending on a range of other areas remains above the same period last year. Across **debt interest, subsidies** and **net current grants** spending was £13.5 billion (16.7 per cent), £1.6 billion (6.1 per cent) and £3.0 billion (1.9 per cent) above the same period last year, respectively.

## Revisions

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

- In the year to January, borrowing has been revised down by £0.5 billion.
- Borrowing over 2024-25 has been revised down by £1 billion.

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

	February			April to February		
	2026 outturn	2025 outturn	Change	2025-26 outturn	2024-25 outturn	Change
<b>Public sector net borrowing</b>	<b>14.3</b>	<b>12.1</b>	<b>2.2</b>	<b>125.9</b>	<b>137.8</b>	<b>-11.9</b>
<i>of which:</i>						
Central government net borrowing	9.5	6.2	3.4	118.3	140.3	-22.0
Local authorities net borrowing	4.6	5.2	-0.5	16.1	16.7	-0.7
Public corporations net borrowing	0.2	0.8	-0.6	-8.5	-19.2	10.7
<b>Central government current receipts</b>	<b>95.1</b>	<b>87.0</b>	<b>8.1</b>	<b>1016.7</b>	<b>937.8</b>	<b>79.0</b>
<i>of which:</i>						
Income tax	30.3	27.1	3.2	299.1	274.6	24.4
National Insurance contributions	17.8	15.2	2.6	182.2	153.4	28.8
VAT <sup>2</sup>	14.9	14.4	0.5	166.3	158.7	7.5
Onshore corporation tax <sup>3</sup>	8.2	7.5	0.7	86.4	81.9	4.5
Other taxes and receipts	24.0	22.9	1.1	282.8	269.1	13.7
<b>Central government expenditure</b>	<b>104.6</b>	<b>93.2</b>	<b>11.4</b>	<b>1135.1</b>	<b>1078.0</b>	<b>57.0</b>
<i>of which:</i>						
Interest payments	13.0	7.5	5.5	94.4	80.9	13.5
Net social benefits	25.5	24.1	1.4	300.4	280.4	20.0
Net current grants	12.5	12.9	-0.4	161.7	158.8	3.0
Consumption expenditure on goods and services	38.7	37.3	1.4	422.5	395.3	27.2
Subsidies	2.5	2.4	0.1	27.6	26.0	1.6
Central government depreciation	3.6	3.6	0.1	39.8	37.6	2.3
Central government net investment	8.8	5.4	3.3	88.7	99.1	-10.5

<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/january2026>

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>

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

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