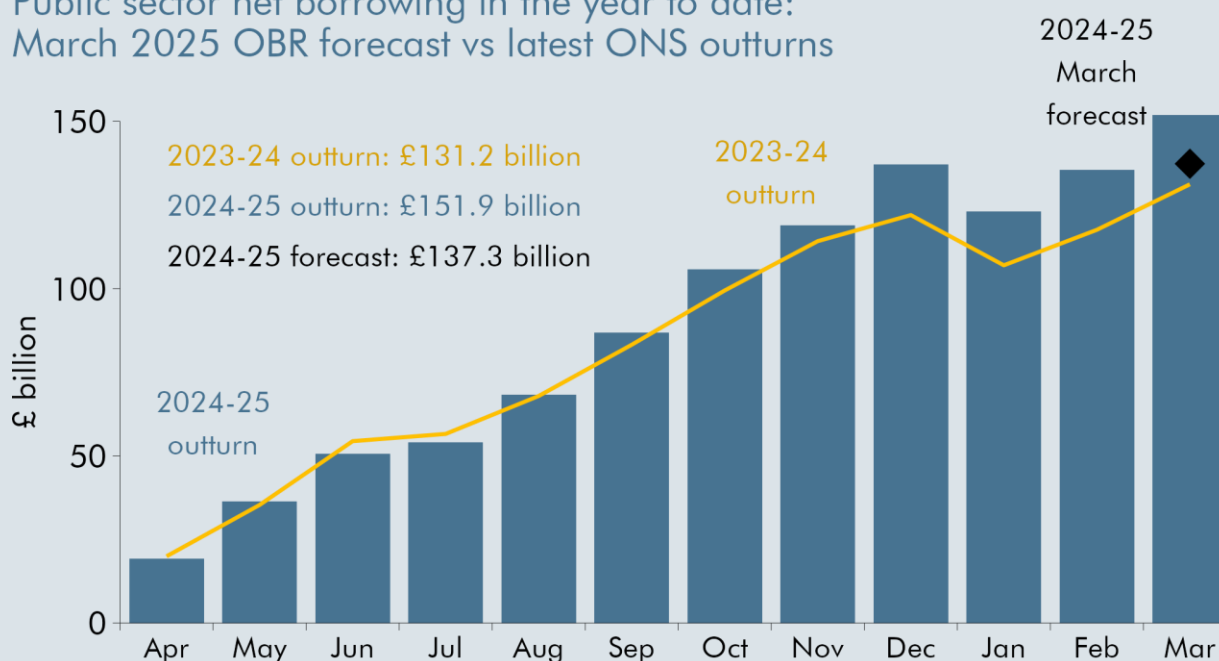


Initial estimate of 2024-25 borrowing above forecast

This morning's ONS release¹ provides an initial estimate for 2024-25 public sector net borrowing of **£151.9 billion**. This is £20.7 billion above the previous year and £14.6 billion above our March forecast. As the ONS state, this initial estimate should be seen as provisional and is typically revised in future. However, the current difference with our March forecast is largely explained by lower-than-forecast receipts, and to a lesser extent by higher-than-forecast borrowing by local authorities and spending by central government.

Public sector net borrowing in the year to date:
March 2025 OBR forecast vs latest ONS outturns



The first estimates of full-year borrowing are always based on several provisional sources of data. Previous experience is that these estimates are revised in the coming months as more information becomes available, particularly relating to local authorities and public corporations, spending by government departments, and to cash receipts received in 2025-26 but relating to activity in 2024-25.

The central government net cash requirement, which is less prone to future revisions, was £7.9 billion above our March 2025 forecast.

We will publish monthly profiles for 2025-26 consistent with our March 2025 forecast alongside the next Public Sector Finances release in May.

¹ In this commentary we compare latest outturns for the fiscal year 2024-25 with our March *Economic and fiscal outlook*.

Borrowing and debt

Public sector net borrowing was £151.9 billion over 2024-25. This was £20.7 billion (15.8 per cent) above the previous year and £14.6 billion (10.6 per cent) higher than our March forecast. Within this, central government net borrowing was £158.5 billion, £10.2 billion (6.9 per cent) above forecast, while borrowing by local authorities was £12.0 billion, £2.6 billion (28.0 per cent) above forecast and borrowing by public corporations was -£18.6 billion (a surplus), a £1.8 billion (8.6 per cent) smaller surplus than forecast. The estimate of borrowing by local authorities is largely based on budgets, rather than outturn, for 2024-25, and will typically remain so until September.

The current budget deficit over 2024-25 was £74.6 billion, £13.9 billion (22.9 per cent) higher than forecast.

Net debt in March stood at 95.8 per cent of GDP, up 0.2 per cent of GDP on a year earlier and down 0.1 per cent of GDP on our March 2025 forecast, while net financial liabilities stood at 83.5 per cent of GDP, up 2.6 per cent of GDP on the previous year and up 1.6 per cent of GDP on our March 2025 forecast. These estimates are also subject to future revision relating both to the cash level of debt and the level of nominal GDP.

Central government receipts

Central government accrued receipts in 2024-25 were £7.8 billion (0.8 per cent) below forecast. The accrued receipts data in this release reflect cash payments of tax up to the end of March, plus forecasts for future months where these cash receipts will be accrued back to 2024-25. These figures will be revised as cash forecasts are replaced with outturns. As noted in the March *EFO*, our 2024-25 estimates were based on ONS outturn data for April 2024 to January 2025 plus some administrative cash receipts data for February on self-assessment for the days after the January 31 deadline and mid-month corporation tax.

HMRC cash receipts, a more timely indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £2.5 billion (0.3 per cent) below forecast and £28.1 billion (3.4 per cent) above the same period last year. Within this:

- **PAYE income tax and NICs** cash receipts were £431.4 billion over 2024-25, £1.6 billion (0.4 per cent) below forecast, and £14.9 billion (3.6 per cent) above the same period last year. The difference with forecast may reflect weaker-than-expected growth in bonuses, particularly in the financial sector. Around half of bonuses in the December-to-March bonus season are paid out in March with the tax largely received in April, so this initial estimate could be revised in next month's release. Relative to the March forecast, PAYE income tax is below forecast while NICs receipts are higher than expected.
- **Self-assessed income tax and capital gains tax** cash receipts were £62.0 billion over 2024-25, £1.0 billion (1.6 per cent) below forecast, and £4.8 billion (8.4 per cent) above the same period last year. We revised down these two tax streams by a total of £5.9 billion in 2024-25 in the March forecast. However, SA income tax receipts for the final part of 2024-25 continued to come in below expectations.
- **Cash VAT receipts** were £170.6 billion in 2024-25, which is very close to forecast (£0.3 billion (0.2 per cent) higher), and £2.2 billion (1.3 per cent) above the same period last year.

This figure will be subject to revision as some cash receipts received between April and June relate to spending at the start of 2025 and so will be accrued back to 2024-25.

- **Corporation tax** cash receipts were £91.6 billion in 2024-25, also very close to forecast (just £0.1 billion (0.1 per cent) below), and £6.0 billion (7.0 per cent) above the same period last year.

Central government accrued spending

The initial estimate of central government accrued spending was £2.4 billion (0.2 per cent) above forecast over 2024-25. This difference reflects offsetting factors, several of which may be revised in future months. Factors driving higher-than-expected spending were:

- **Net current grants** were £3.1 billion (1.8 per cent) above forecast, largely explained by larger-than-expected current grants to local authorities.
- **Consumption expenditure on goods and services** was £1.5 billion (0.3 per cent) above forecast over 2024-25, based on provisional departmental spending estimates.
- **Net social benefits** spending was £1.6 billion (0.5 per cent) above forecast, and **subsidies** were £0.4 billion (1.5 per cent) above forecast.

This was partially offset by:

- **Central government net investment (CGNI)** was £2.3 billion (2.0 per cent) below forecast, largely due to lower-than-expected gross fixed capital formation. This is a highly provisional estimate, which is likely to change as more detailed departmental information becomes available.
- **Debt interest** spending was £1.6 billion (1.9 per cent) below forecast, mainly due to lower-than-forecast interest on conventional gilts in March and downward revisions to outturn data for the year to February.

Revisions

Part of the reason for this first estimate of full year 2024-25 borrowing exceeding the March forecast is that borrowing in the year to February has been revised up by £3.3 billion compared to the ONS's previous estimate. This is explained by a downward revision to accrued receipts, with onshore corporation tax £2.1 billion lower than originally estimated, and income tax £1.9 billion lower. This is partly offset by an upward revision of £0.9 billion to NICs receipts.

Table 1.1: Public sector receipts, expenditure and net borrowing¹

	April to March				
	2024-25 outturn	2023-24 outturn	Change	2024-25 forecast	Outturn vs forecast
Public sector net borrowing	151.9	131.2	20.7	137.3	14.6
of which:					
Central government net borrowing	158.5	145.1	13.4	148.3	10.2
Local authorities net borrowing	12.0	11.5	0.4	9.4	2.6
Public corporations net borrowing	-18.6	-25.4	6.9	-20.3	1.8
Central government current receipts	1031.2	997.6	33.6	1039.0	-7.8
of which:					
Income tax	303.6	277.4	26.2	310.0	-6.3
National Insurance contributions	170.7	179.1	-8.4	167.8	2.9
VAT ²	171.2	168.4	2.8	171.3	-0.1
Onshore corporation tax ³	92.2	87.7	4.6	92.7	-0.5
Other taxes and receipts	293.5	285.1	8.4	297.3	-3.8
Central government expenditure	1189.7	1142.7	47.0	1187.3	2.4
of which:					
Interest payments	85.0	82.9	2.1	86.7	-1.6
Net social benefits	306.1	291.4	14.6	304.4	1.6
Net current grants	175.3	169.9	5.3	172.2	3.1
Consumption expenditure on goods and services	436.0	406.2	29.8	434.5	1.5
Subsidies	28.9	32.3	-3.4	28.4	0.4
Central government depreciation	42.3	39.4	2.9	42.6	-0.2
Central government net investment	116.1	120.5	-4.4	118.4	-2.3

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/march2025>

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 2025: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2025>

² Excluding VAT refunds.

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