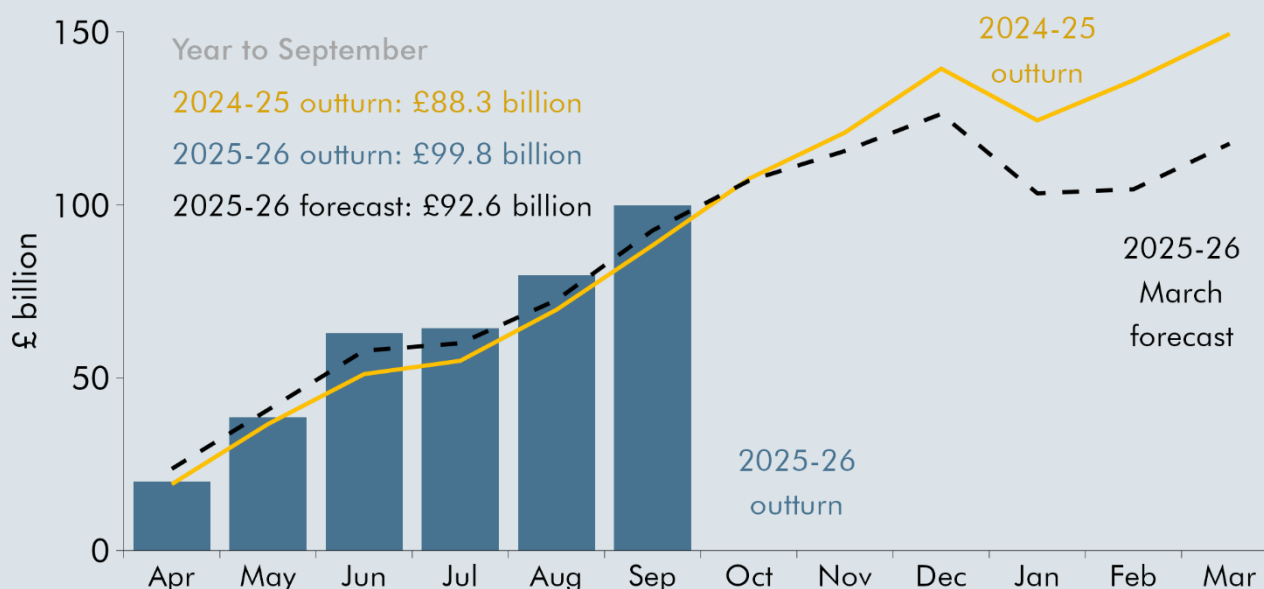


## Latest receipts data reduces year-to-date borrowing overshoot

This morning's ONS release<sup>1</sup> estimates that borrowing in the first six months of 2025-26 totalled **£99.8 billion**. This is £11.5 billion above the same period last year and £7.2 billion above the monthly profile consistent with our March forecast. Revised estimates of tax receipts for the year-to-date have reduced the estimated borrowing overshoot compared to last month. Central government accrued receipts and spending are now both close to the forecast profile for the year-to-date. Borrowing remains higher than in our March profile because of higher estimated borrowing by local authorities and public corporations.

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



In the profiles consistent with our March 2025 forecast we expect lower borrowing in the second half of 2025-26 relative to 2024-25, reflecting a sharp rise in capital gains tax expected around the end-January due date, lower debt interest payments in the second half of the year, and lower growth in central government net social benefits which were unusually backloaded last year.

This morning's ONS release includes a number of revisions which reduce borrowing by £4.2 billion for the year to date, including a £4.5 billion upward revision to central government receipts. In addition, estimates of local authority borrowing for 2024-25 have been revised up by £3.9 billion to £15.3 billion.

<sup>1</sup> In this commentary we compare latest outturns with monthly profiles consistent with our March *Economic and fiscal outlook*.

## Borrowing and debt

Public sector net borrowing was £99.8 billion in the first six months of 2025-26. This was £11.5 billion (13.1 per cent) above the same period last year and £7.2 billion (7.8 per cent) above forecast. Within this, central government net borrowing was £99.4 billion, which is close to forecast (£1.5 billion (1.5 per cent) above forecast). However, borrowing by local authorities was £2.9 billion, £3.0 billion above forecast and borrowing by public corporations was -£2.5 billion (a surplus), £2.7 billion above forecast.

The current budget deficit was £71.8 billion in the first six months of 2025-26, £13.0 billion (22.0 per cent) above forecast, while the central government net cash requirement was £89.0 billion, £6.1 billion (7.3 per cent) above forecast.<sup>2</sup>

Net debt in September stood at 95.3 per cent of GDP, up 1 per cent of GDP on a year earlier, and 0.8 per cent of GDP below forecast.

## Central government receipts

Central government accrued receipts in the first six months of 2025-26 are now only £1.3 billion (0.2 per cent) below forecast. The correction to an error in recorded VAT receipts and stronger-than-expected September HMRC cash receipts have brought the year-to-date shortfall down from £6.1 billion last month. HMRC cash receipts, a timelier indicator of tax performance albeit one that can be influenced by timing effects and one-offs, were £2.6 billion (3.8 per cent) above forecast and £7.3 billion (11.4 per cent) above last year in September. Within this:

- **PAYE income tax and NICs** cash receipts were £38.7 billion in September, £2.1 billion (5.8 per cent) above forecast, and £6.2 billion (19.0 per cent) above last year. For the year to date, PAYE income tax and NICs receipts are £2.3 billion (1.0 per cent) above forecast. As in earlier months of 2025-26, strong receipts growth reflects the changes in the rate and threshold for employers NICs. Part of the additional strength in September reflects backdated pay awards for the NHS.
- **Cash VAT receipts** were £9.9 billion in September, £0.7 billion (7.4 per cent) above forecast, and £0.8 billion (8.3 per cent) above last year. Recent VAT data has been affected by the error correction, explained further below, and by monthly volatility in repayments. These were lower-than-expected in September, after being very high in August. For the year to date, cash VAT receipts are £0.1 billion (0.2 per cent) above forecast.
- **Corporation tax** cash receipts were on profile at £14.5 billion in September and £0.3 billion (2.1 per cent) above last year. Most September cash CT receipts relate to the second or third instalment payments by very large onshore companies on their 2025 profits. For the year to date, corporation tax receipts are on profile.
- **Alcohol duty** cash receipts were £0.2 billion (14.0 per cent) below forecast, and £0.1 billion (7.3 per cent) below last year. For the year to date, cash alcohol duty receipts are £0.6 billion (8.9 per cent) below forecast with weakness concentrated in spirits and wine.

---

<sup>2</sup> Central government net cash requirement excluding, NRAM, B&B and Network Rail.

## Central government accrued spending

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. Over the first six months of 2025-26, central government accrued spending is estimated to be very close to profile, at £0.2 billion (0.0 per cent) above forecast. Within this:

- **Consumption expenditure on goods and services** was £4.6 billion (2.0 per cent) above forecast over the first six months of 2025-26.
- **Net social benefits** spending was £1.7 billion (1.0 per cent) above forecast.
- **Central government net investment (CGNI)** was £4.6 billion (9.5 per cent) below forecast. Data on departmental investment spending is particularly prone to revision, so this shortfall in the first half of the fiscal year may unwind in subsequent months.
- Other central government spending was close to forecast. **Net current grants** were £0.7 billion (0.7 per cent) below forecast, **debt interest** spending was £0.5 billion (0.9 per cent) above forecast, and **subsidies** were £0.4 billion (3.0 per cent) below forecast.

## Revisions

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

- In the year to August, borrowing has been revised down by £4.2 billion. This has been driven by a £4.5 billion increase in the level of central government receipts, including an upward revision of £2.4 billion to HMRC cash VAT receipts resulting from HMRC identifying an error in its outturn data. HMRC released a statement about this revision on 8 October 2025.<sup>3</sup> In addition, revisions to grants to local authorities of £1.9 billion increases borrowing in central government but reduces borrowing in local government.
- Borrowing over 2024-25 has been revised up by £3.2 billion. The largest component of this is an increase in local government borrowing of £3.9 billion following the publication of updated estimates of current spending in England by MHCLG.

Our next forecast will be published alongside the Budget on 26 November, and will incorporate the data in this morning's ONS release. Given we will be finalising this forecast, we will not be publishing a monthly commentary on 21 November alongside the ONS Public Sector Finances release for October. Our next monthly commentary will be published on 19 December.

---

<sup>3</sup> HMRC, 2025 HMRC statistics announcements, October 2025.

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

	September			April to September						
	2025 outturn	2024 outturn	Change	2025 forecast	Outturn vs forecast	2025-26 outturn	2024-25 outturn	Change	2025-26 forecast	Outturn vs forecast
<b>Public sector net borrowing</b>	<b>20.2</b>	<b>18.6</b>	<b>1.6</b>	<b>20.1</b>	<b>0.1</b>	<b>99.8</b>	<b>88.3</b>	<b>11.5</b>	<b>92.6</b>	<b>7.2</b>
<i>of which:</i>										
Central government net borrowing	16.9	13.4	3.5	18.8	-1.9	99.4	99.2	0.2	97.9	1.5
Local authorities net borrowing	2.6	2.7	0.0	1.1	1.6	2.9	1.6	1.4	-0.1	3.0
Public corporations net borrowing	0.7	2.5	-1.8	0.3	0.4	-2.5	-12.5	10.0	-5.2	2.7
<b>Central government current receipts</b>	<b>86.2</b>	<b>79.4</b>	<b>6.8</b>	<b>85.9</b>	<b>0.3</b>	<b>523.7</b>	<b>486.8</b>	<b>36.9</b>	<b>525.0</b>	<b>-1.3</b>
<i>of which:</i>										
Income tax	21.4	20.1	1.3	21.9	-0.5	144.8	133.4	11.5	145.9	-1.0
National Insurance contributions	16.7	13.8	2.9	16.2	0.5	96.5	80.5	15.9	93.4	3.0
VAT <sup>2</sup>	15.1	14.4	0.7	15.1	0.0	88.8	85.6	3.2	89.6	-0.8
Onshore corporation tax <sup>3</sup>	8.1	7.2	0.8	7.5	0.6	48.7	44.8	4.0	45.5	3.3
Other taxes and receipts	24.9	23.8	1.1	25.1	-0.2	144.9	142.6	2.3	150.6	-5.8
<b>Central government expenditure</b>	<b>103.1</b>	<b>92.8</b>	<b>10.3</b>	<b>104.7</b>	<b>-1.6</b>	<b>623.1</b>	<b>586.0</b>	<b>37.1</b>	<b>622.9</b>	<b>0.2</b>
<i>of which:</i>										
Interest payments	9.7	5.8	3.8	9.5	0.2	59.5	45.2	14.4	59.0	0.5
Net social benefits	27.5	25.5	2.0	27.6	-0.1	162.8	153.4	9.5	161.2	1.7
Net current grants	12.8	13.2	-0.4	14.2	-1.4	91.7	87.9	3.8	92.4	-0.7
Consumption expenditure on goods and services	38.3	35.7	2.6	37.4	0.9	228.9	209.3	19.6	224.3	4.6
Subsidies	2.4	2.3	0.1	2.4	-0.1	14.2	14.1	0.1	14.7	-0.4
Central government depreciation	3.6	3.4	0.3	3.8	-0.2	21.8	20.1	1.7	22.6	-0.8
Central government net investment	8.8	6.9	2.0	9.7	-0.9	44.0	56.0	-11.9	48.6	-4.6

<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/september2025>

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>

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

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