

Statistical bulletin

Public sector finances, UK: January 2019

How the relationship between UK public sector monthly income and expenditure leads to changes in deficit and debt.



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1 . Main points

- Borrowing (public sector net borrowing excluding public sector banks) in January 2019 was in surplus by £14.9 billion, a £5.6 billion greater surplus than in January 2018; this was the largest January surplus on record (records began in 1993).
- Self-assessed Income Tax and Capital Gains Tax receipts (combined) were £21.4 billion in January 2019, which is £3.1 billion more than in January 2018; late payments mean that the proportion of self-assessed taxes recorded in January and February can vary year-on-year and it is therefore advisable to consider these two months together.
- Borrowing in the current financial year-to-date (April 2018 to January 2019) (YTD) was £21.2 billion, £18.5 billion less than in the same period last year; the lowest YTD for 17 years (since 2001).
- Borrowing in the financial year ending (FYE) March 2018 was £41.9 billion, £3.0 billion less than in FYE March 2017; the lowest financial year for 11 years (since FYE 2007).
- Debt (public sector net debt excluding public sector banks) at the end of January 2019 was £1,782.1 billion (or 82.6% of gross domestic product (GDP)); an increase of £40.5 billion (or a decrease of 0.8 percentage points of GDP) on January 2018.
- Debt at the end of January 2019 excluding Bank of England (mainly quantitative easing) was £1,596.7 billion (or 74.0% of GDP); an increase of £26.9 billion (or a decrease of 1.2 percentage points of GDP) on January 2018.
- Central government net cash requirement in the current financial YTD April 2018 to January 2019 was £15.2 billion (£5.7 billion less than financial YTD 2018) or £16.5 billion excluding both UK Asset Resolution Ltd and Network Rail (£6.3 billion less than in financial YTD 2018).

2 . Things you need to know about this release

In the UK, the public sector consists of five sub-sectors: central government, local government, public non-financial corporations, Bank of England and public financial corporations (or public sector banks).

Unless otherwise stated, the figures quoted in this bulletin exclude public sector banks (that is, currently only Royal Bank of Scotland (RBS)), as the reported position of debt (and to a lesser extent borrowing) would be distorted by the inclusion of RBS's balance sheet (and transactions). This is because government does not need to borrow to fund the debt of RBS, nor would surpluses achieved by RBS be passed on to government, other than through any dividends paid as a result of government equity holdings.

Public sector net borrowing excluding public sector banks (PSNB ex) measures the gap between revenue raised (current receipts) and total spending (current expenditure plus net investment (capital spending less capital receipts)). Public sector net borrowing is often referred to by commentators as "the deficit".

The public sector net cash requirement (PSNCR) represents the cash needed to be raised from the financial markets over a period of time to finance the government's activities. This can be close to the deficit for the same period but there are some transactions, for example, loans to the private sector, which need to be financed but do not contribute to the deficit. It is also close but not identical to the changes in the level of net debt between two points in time.

Public sector net debt excluding public sector banks (PSND ex) represents the amount of money the public sector owes to private sector organisations including overseas institutions, largely as a result of issuing gilts and Treasury Bills, less the amount of cash and other short-term assets it holds. Public sector net debt is often referred to by commentators as "national debt".

While borrowing (or the deficit) represents the difference between total spending and receipts over a period of time, debt represents the total amount of money owed at a point in time.

The debt has been built up by successive government administrations over many years. When the government borrows (that is, runs a deficit), this normally adds to the debt total. So [reducing the deficit is not the same as reducing the debt](#).

Accounting for student loans

On 17 December 2018, we announced our decision on [how we will treat student tuition fee and maintenance loans in the government's accounts](#). [We have published a blog](#) explaining our role and why we have taken these decisions. We aim to implement these changes in September 2019.

3 . What's changed in this release?

This section presents information on aspects of data or methodology that have been introduced or improved since the publication of the previous bulletin, along with supporting information users may find useful.

Self-assessed tax receipts

In both January and (to a lesser extent) July, receipts are particularly high due to the receipt of self-assessed Income Tax, Capital Gains Tax and self-assessed (Class 4) National Insurance contributions:

- self-assessed Income Tax receipts in January 2019 were £14.7 billion, an increase of £1.9 billion compared with January 2018; this is the highest January on record (records began in January 2000)
- Capital Gains Tax receipts in January 2019 were £6.8 billion, an increase of £1.2 billion compared with January 2018; this is the highest January on record (records began in January 1998)
- combined self-assessed Income Tax and Capital Gains Tax receipts in January 2019 were £21.4 billion, an increase of £3.1 billion compared with January 2018; this is the highest January on record (records began in January 2000)

The revenue raised through self-assessed taxes, although affecting primarily January and July receipts, also tends to lead to high receipts in the following month (February and August respectively), although to a lesser degree.

The proportion of self-assessed taxes recorded in January and February can vary year-on-year and it is therefore advisable to consider data for the two months (January and February) together.

In January and February 2018, the government raised £24.5 billion in combined self-assessed Income Tax and Capital Gains Tax receipts (£18.4 billion in January and £6.1 billion in February).

Bank of England Asset Purchase Facility Fund

Dividend transfers from the Bank of England Asset Purchase Facility Fund (BEAPFF) to HM Treasury occur quarterly (in April, July, October and January).

Unusually in January 2019, this transfer was negative, such that we show a £0.1 billion dividend transfer from HM Treasury to the BEAPFF. This is not an indication of a call on HM Treasury's guarantee of the scheme, more that the often lower January payover was offset by the other transfers between HM Treasury and the BEAPFF.

As with other such transactions between HM Treasury and Bank of England, these transactions are public sector borrowing neutral.

In the financial year-to-date April 2018 to January 2019, £8.0 billion in dividends has been transferred from the BEAPFF to HM Treasury, compared with £9.3 billion in the same period last year.

Changes to the recording of the Term Funding Scheme

The Term Funding Scheme (TFS) was introduced in September 2016, as a quantitative easing measure under the Bank of England Asset Purchase Facility Fund (APF) umbrella, to enable financial institutions to cut the time in passing on interest rate reductions to consumers and businesses. From its launch, the TFS was indemnified as part of the APF.

On 21 June 2018, the government published a new [Memorandum of Understanding between HM Treasury and the Bank of England \(BoE\)](#), which set out the financial relationship between the two institutions. This memorandum announced that during the current financial year (April 2018 to March 2019), the [£127 billion liabilities of the Term Funding Scheme \(PDF, 1.4MB\)](#) would be transferred from the APF to the Bank of England's (BoE) own balance sheet and that the HM Treasury indemnity for it would be removed.

Further to this announcement, we can confirm that the TFS was transferred out of the APF to the balance sheet of BoE on 19 January 2019.

An indemnity extension has now come into effect from this date until the point when BoE receives a capital injection of £1.2 billion from HM Treasury (estimated to be late March 2019), after which BoE will bear any future risk from holding the TFS on its balance sheet.

This change has no impact on public sector net debt (both including and excluding public sector banks).

VAT changes to the supply of digital services

On 1 January 2015, VAT rules relating to the supply of telecommunications, radio and television broadcasting and electronically supplied services changed.

Prior to 1 January 2015, supplies made by EU businesses to EU resident customers were subject to VAT in the country where the suppliers were established; from 1 January 2015, the supplies are subject to VAT in the country where the customer is resident. The tax changes are as a result of [European legislation](#).

This legislation provided for a transition period of four years during which the tax authority in the country where the supplier is located could retain a part of the VAT collected prior to passing on the remainder of the collected tax to the country where the customer is resident.

From 1 January 2019, all [VAT collected for digital services](#) are collected by the tax authority in the appropriate country. In the next publication (21 March 2019), we will be including these cash receipts for the first time, covering the period April 2018 to February 2019.

4 . How much is the public sector borrowing?

In January 2019, the public sector received more revenue in taxes and other income than it spent, resulting in a surplus of £14.9 billion. We regularly have a surplus in January due to the annual receipt of self-assessed Income and Capital Gains Taxes. The surplus this month was the largest January surplus on record (records began in 1993) and was £5.5 billion larger than the surplus in January 2018.

Figure 1 summarises public sector borrowing by sub-sector in January 2019 and compares this with the equivalent measures in the same month a year earlier (January 2018). This presentation splits public sector net borrowing excluding public sector banks (PSNB ex) into each of its four sub-sectors: central government, local government, public corporations and Bank of England.

Central government receipts in January 2019 increased by 9.7% compared with January 2018, to £79.4 billion, while total central government expenditure increased by 3.0% to £62.2 billion.

Much of this annual growth in central government receipts in January 2019 came from Income Tax-related revenue, with self-assessed Income Tax, Capital Gains Tax, Pay As You Earn (PAYE) and National Insurance contributions increasing by £1.9 billion, £1.2 billion, £1.0 billion and £0.7 billion respectively.

This month, accrued receipts of both Value Added Tax (VAT) and Corporation Tax (CT) were January records (records for VAT began in 1998 and for CT in April 2000 – due to the change in methodology), though it is important to note that both of these taxes contain forecast cash receipts data and are liable to revision as actual cash receipts data are received.

Over the same period, there were notable increases in expenditure on goods and services, along with net social benefits. Interest payments on the government's outstanding debt have decreased, due largely to movements in the Retail Prices Index to which index-linked bonds are pegged.

Local government data for January 2019 are based on budget forecasts for England, Wales and Scotland, while public corporations data remain initial estimates, with most components calculated by Office for National Statistics (ONS) based on Office for Budget Responsibility (OBR) forecasts. In both cases, additional administrative source data are used to estimate transfers to each of these sectors from central government.

Figure 1: How each sector contributes to the growth in monthly borrowing

January 2019, compared with January 2018, UK

£ billion

				PSNBex			
				Jan-18	Change	Jan-19	
				-9.3	-5.6	-14.9	
CGNB							
Jan-18	Change	Jan-19					
-10.3	-5.3	-15.6					
=							
CG Current Expenditure							
Jan-18	Change	Jan-19					
57.0	1.4	58.4					
-							
CG Receipts							
Jan-18	Change	Jan-19					
72.3	7.1	79.4					
+							
CG Depreciation							
Jan-18	Change	Jan-19					
1.6	0.0	1.6					
+							
CG Net Investment							
Jan-18	Change	Jan-19					
3.4	0.4	3.8					
LGNB							
Jan-18	Change	Jan-19					
1.8	-0.2	1.6					
=							
LG Current Expenditure							
Jan-18	Change	Jan-19					
3.5	0.1	3.6					
-							
LG Receipts							
Jan-18	Change	Jan-19					
3.5	0.3	3.8					
+							
LG Depreciation							
Jan-18	Change	Jan-19					
1.0	0.0	1.1					
+							
LG Net Investment							
Jan-18	Change	Jan-19					
0.8	-0.1	0.7					
PCNB							
Jan-18	Change	Jan-19					
0.0	0.1	0.1					
=							
PC Current Expenditure							
Jan-18	Change	Jan-19					
0.0	0.0	0.0					
-							
PC Receipts							
Jan-18	Change	Jan-19					
0.9	0.0	0.9					
+							
PC Depreciation							
Jan-18	Change	Jan-19					
0.8	0.0	0.7					
+							
PC Net Investment							
Jan-18	Change	Jan-19					
0.1	0.1	0.2					
				BoENB			
				Jan-18	Change	Jan-19	
				-0.8	-0.2	-1.0	
CG Receipts				CG Expenditure			
Of Which:				Of Which:			
	Jan-18	Change	Jan-19		Jan-18	Change	Jan-19
Taxes on production	21.3	1.4	22.7	Interest	4.2	-0.7	3.5
Of Which:				Net social Benefits	17.3	0.8	18.1
VAT	12.0	0.7	12.6	Of Which:			
Fuel Duty	2.1	0.1	2.2	NI Fund Benefits	8.7	0.3	8.9
Alcohol	0.7	0.1	0.7	Social Assistance	7.9	0.5	8.3
Tobacco	0.5	0.2	0.7	Other Current	35.6	1.3	36.8
Stamp Duty (L&P)	1.1	-0.1	0.9	Of Which:			
Taxes on I&W	35.6	5.0	40.6	Goods & Services	21.4	1.1	22.5
Of Which:				o/w Staff Costs	10.7	0.0	10.8
Income Tax	31.1	4.3	35.4	Transfers to LG	9.5	0.0	9.5
o/w Self Assessment	12.8	1.9	14.7	Contributions to EU	1.1	0.0	1.1
Corporation Tax	4.6	0.6	5.2				
Other Taxes	1.4	0.1	1.5				
Total Taxes	58.3	6.4	64.7				
NICs	11.0	0.7	11.7				
Interest & Dividends	1.0	0.0	1.0				
Other receipts	1.9	0.1	2.0				

Source: Office for National Statistics

Notes:

1. PSNBex – Public sector net borrowing excluding public sector banks.
2. CGNB – Central government net borrowing.
3. LGNB – Local government net borrowing.
4. PCNB – Non-financial public corporations net borrowing.
5. BoENB – Bank of England net borrowing.
6. L&P – Land and property.
7. I & W – Income and wealth.
8. Contributions to EU – UK VAT, GNI and abatement contributions to the EU budget.
9. NICs – National Insurance contributions.

Due to the volatility of the monthly data, the cumulative financial year-to-date borrowing figures often provide a better indication of the position of the public finances than the individual months.

In the current financial year-to-date (YTD) (April 2018 to January 2019), public sector spending exceeded the money received in taxes and other income. This meant the public sector had to borrow £21.2 billion; that is, £18.5 billion less than the same period in the previous financial year-to-date. Borrowing so far this financial year has been the lowest for any April to January period for 17 years.

Of the £21.2 billion borrowed by the public sector in this period, £30.4 billion was for capital spending (or net investment), such as on infrastructure, while the cost of the “day-to-day” activities of the public sector (the current budget deficit) was in surplus by £9.2 billion.

Figure 2 presents both monthly and cumulative public sector net borrowing (excluding public sector banks) in the current financial YTD (April 2018 to January 2019) and compares these with the previous financial year.

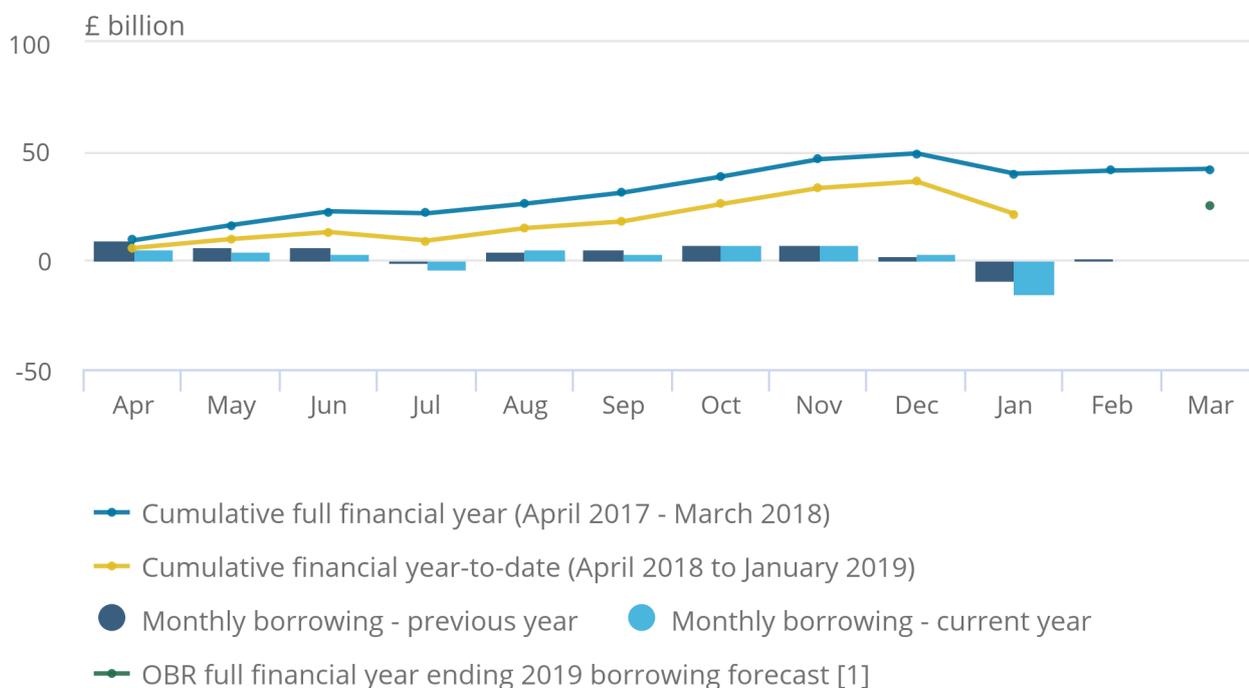
Figure 2: Cumulative borrowing remains lower than the same period last year

Cumulative financial year-to-date (April 2018 to January 2019) compared with the financial year ending March 2018 (April 2017 to March 2018), UK

Figure 2: Cumulative borrowing remains lower than the same period last year

2018/19 OBR
= £25.5 billion

Cumulative financial year-to-date (April 2018 to January 2019) compared with the financial year ending March 2018 (April 2017 to March 2018), UK



Source: Office for National Statistics

Notes:

- OBR forecast for public sector net borrowing excluding public sector banks from October 2018 Economic and Fiscal Outlook (EFO).

Figure 3 summarises the contributions of each sub-sector to public sector net borrowing (excluding public sector banks) in the current financial YTD (April 2018 to January 2019) and compares these with the same period in the previous financial year.

The difference between central government's income and spending makes the largest contribution to the amount borrowed by the public sector. In the latest financial YTD (April 2018 to January 2019), of the £21.2 billion borrowed by the public sector, £20.6 billion was borrowed by central government and £2.0 billion by local government, while the borrowing of the Bank of England was in surplus by £1.5 billion.

In the current financial YTD (April 2018 to January 2019), central government received £610.7 billion in income, including £462.9 billion in taxes. This was around 5% more than in the same period in 2017.

Over the same period, central government spent £615.9 billion, around 3% more than in the same period in 2017. Of this amount, just below two-thirds was spent by central government departments (such as health, education and defence), around one-third on social benefits (such as pensions, unemployment payments, Child Benefit and Maternity Pay), with the remainder being spent on capital investment and interest on government's outstanding debt.

Figure 3: How each sector contributes to the growth in year-to-date borrowing

Current financial year-to-date (April 2018 to January 2019) compared with the same period last year, UK

£ billion

PSNBex			
2017/18	Change	2018/19	
39.7	-18.5	21.2	

CGNB			
2017/18	Change	2018/19	
35.0	-14.4	20.6	

LGNB			
2017/18	Change	2018/19	
4.0	-1.9	2.0	

PCNB			
2017/18	Change	2018/19	
3.0	-2.8	0.1	

CG Current Expenditure			
2017/18	Change	2018/19	
570.4	11.7	582.1	

LG Current Expenditure			
2017/18	Change	2018/19	
32.4	0.9	33.3	

PC Current Expenditure			
2017/18	Change	2018/19	
2.5	-2.3	0.3	

CG Receipts			
2017/18	Change	2018/19	
580.9	29.8	610.7	

LG Receipts			
2017/18	Change	2018/19	
36.3	2.4	38.8	

PC Receipts			
2017/18	Change	2018/19	
12.1	-4.7	7.4	

CG Depreciation			
2017/18	Change	2018/19	
15.4	0.0	15.4	

LG Depreciation			
2017/18	Change	2018/19	
10.0	0.4	10.4	

PC Depreciation			
2017/18	Change	2018/19	
9.0	-1.3	7.6	

CG Net Investment			
2017/18	Change	2018/19	
30.1	3.6	33.7	

LG Net Investment			
2017/18	Change	2018/19	
-2.1	-0.8	-2.9	

PC Net Investment			
2017/18	Change	2018/19	
3.6	-3.9	-0.4	

BoENB			
2017/18	Change	2018/19	
-2.2	0.7	-1.5	

CG Receipts			
	2017/18	Change	2018/19
Of Which:			
Taxes on production	224.0	9.1	233.1
Of Which:			
VAT	119.3	6.3	125.5
Fuel Duty	23.5	0.1	23.6
Alcohol	9.8	0.5	10.3
Tobacco	7.3	0.4	7.7
Stamp Duty (L&P)	11.7	-0.8	10.9
Taxes on I&W	199.6	15.1	214.7
Of Which:			
Income Tax	151.4	12.1	163.5
o/w Self Assessment	23.4	3.6	27.0
Corporation Tax	48.1	3.3	51.3
Other Taxes	14.8	0.3	15.1
Total Taxes	438.4	24.5	462.9
NICs	106.5	4.6	111.0
Interest & Dividends	16.6	0.9	17.4
Other receipts	19.5	-0.2	19.4

CG Expenditure			
	2017/18	Change	2018/19
Of Which:			
Interest	48.2	-4.3	43.8
Net social Benefits	175.4	5.2	180.6
Of Which:			
NI Fund Benefits	87.8	2.5	90.3
Social Assistance	79.2	1.9	81.2
Other Current	346.9	10.9	357.7
Of Which:			
Goods & Services	210.2	8.0	218.2
o/w Staff Costs	102.6	2.9	105.5
Transfers to LG	95.6	-0.2	95.4
Contributions to EU	7.3	1.7	9.0

Source: Office for National Statistics

Notes:

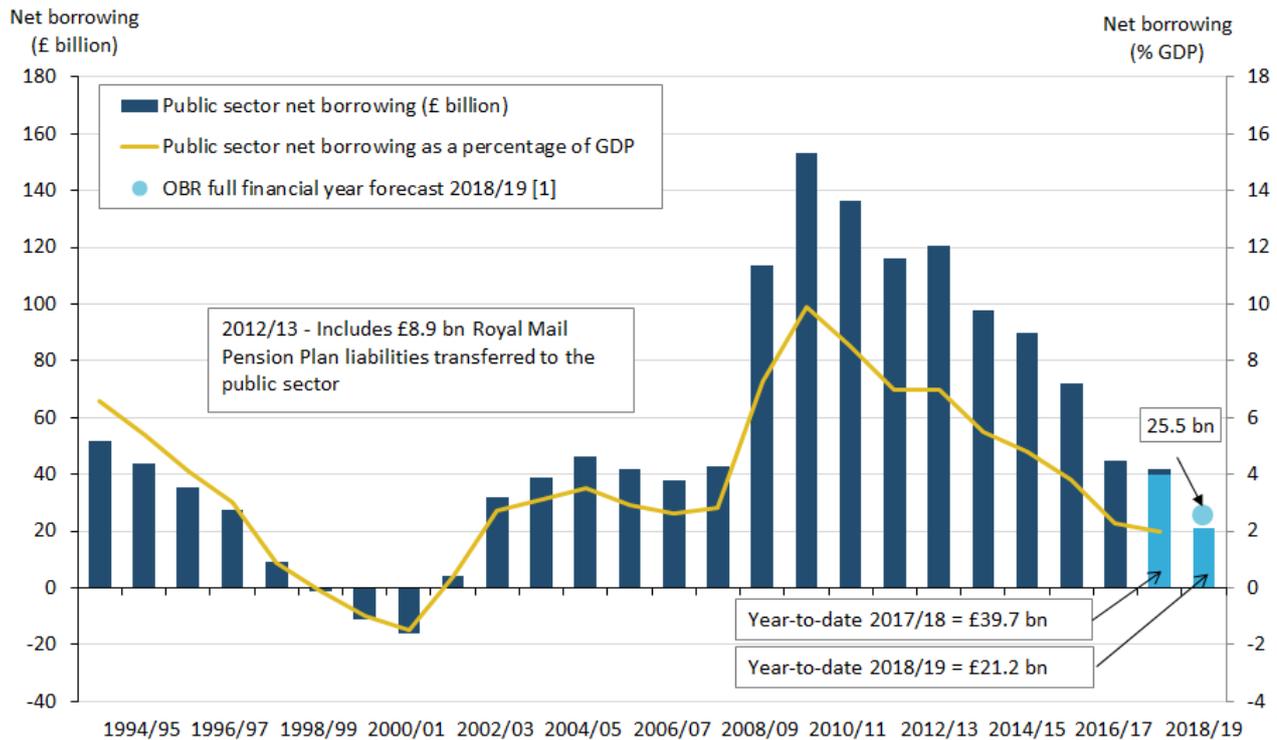
1. PSNBex – Public sector net borrowing excluding public sector banks.
2. CGNB – Central government net borrowing.
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6. L&P – Land and property.
7. I & W – Income and wealth.
8. Contributions to EU – UK VAT, GNI and abatement contributions to the EU budget.
9. NICs – National Insurance contributions.

Figure 4 illustrates that annual borrowing has been generally falling since the peak in the financial year ending (FYE) March 2010 (April 2009 to March 2010).

In the latest full financial year (April 2017 to March 2018), the £41.9 billion (or 2.0% of gross domestic product (GDP)) borrowed by the public sector was around one-quarter of the amount seen in the FYE March 2010, when borrowing was £153.1 billion (or 9.9% of GDP).

Figure 4: Borrowing has been generally falling since its peak in financial year ending March 2010

April 1993 to January 2019 UK



Source: Office for National Statistics

Notes:

1. Financial year 2017/18 represents the financial year ending 2018 (April 2017 to March 2018).
2. Office for Budget Responsibility (OBR) full financial year forecast of £25.5 billion for public sector net borrowing excluding public sector banks (October 2018 Economic and Fiscal Outlook).
3. Ytd equals year-to-date (April to January 2019).

5 . How much does the public sector owe?

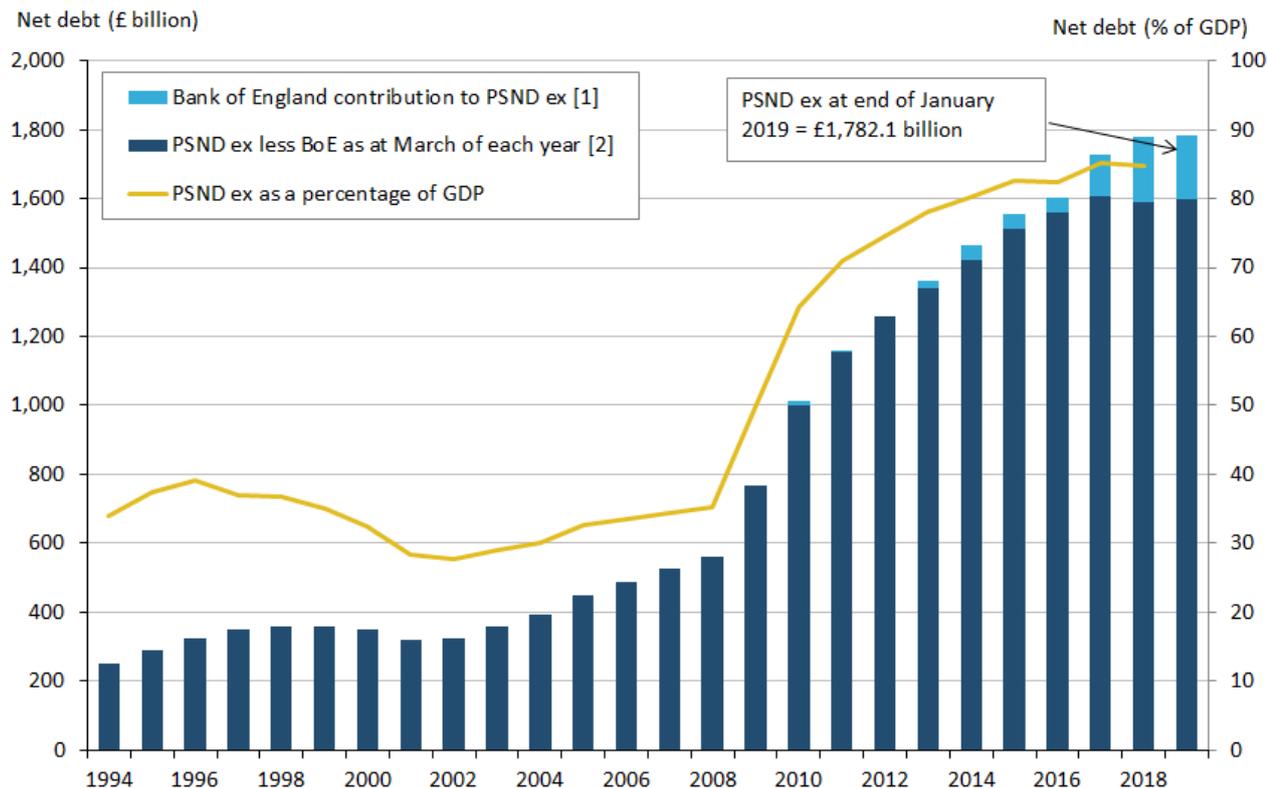
Public sector net debt (PSND ex) represents the amount of money the public sector owes to private sector organisations (including overseas institutions), that has built up by successive government administrations over many years.

When the government borrows, this normally adds to the debt total, but it is important to remember that reducing the deficit is not the same as reducing the debt.

At the end of January 2019, the amount of money owed by the public sector to the private sector stood at around £1.8 trillion (Figure 5), which equates to 82.6% of the value of all the goods and services currently produced by the UK economy in a year (or gross domestic product (GDP)).

Figure 5: Debt as a percentage of gross domestic product has been falling over the latest financial year

March 1994 to the end of January 2019, UK



Source: Office for National Statistics

Notes:

1. Includes Asset Purchase Facility (APF), which includes the Term Funding Scheme (TFS).
2. Public sector net debt excluding public sector banks (PSND ex) is the combination of PSND ex Bank of England (BoE) plus BoE contribution to PSND ex.

The introduction of the [Term Funding Scheme \(TFS\)](#) in September 2016 led to an increase in net debt, as the loans provided under the scheme are not liquid assets and therefore do not net off in public sector net debt (against the liabilities incurred in providing the loans).

Since January 2018, the net debt associated with the Bank of England (BoE) increased by £13.7 billion to £185.5 billion. Nearly all of this growth was due to the activities of the TFS.

The TFS closed for drawdowns of further loans on 28 February 2018 with a loan liability of £127.0 billion. The TFS loan liability at the end of January 2019 was £121.4 billion.

If we were to exclude the activities of the BoE in the calculation of public sector net debt (excluding public sector banks), it would reduce by £185.5 billion, from £1,782.1 billion to £1,596.7 billion, or from 82.6% of GDP to 74.0%.

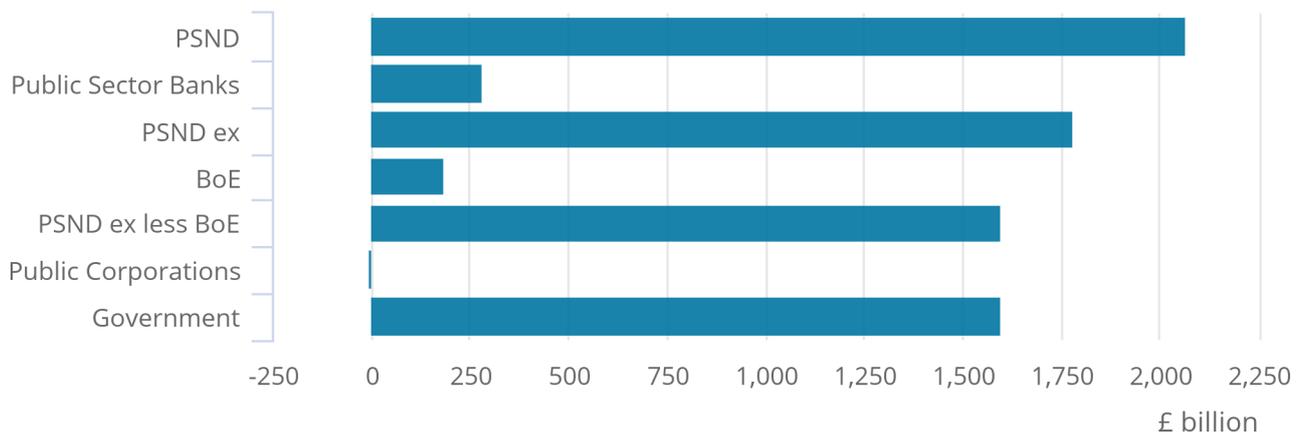
Figure 6 breaks down outstanding public sector net debt at the end of January 2019 into the sub-sectors of the public sector. In addition to public sector net debt excluding public sector banks (PSND ex), this presentation includes the effect of public sector banks on debt.

Figure 6: How each sector contributes to debt, UK

At end of January 2019

Figure 6: How each sector contributes to debt, UK

At end of January 2019



Source: Office for National Statistics

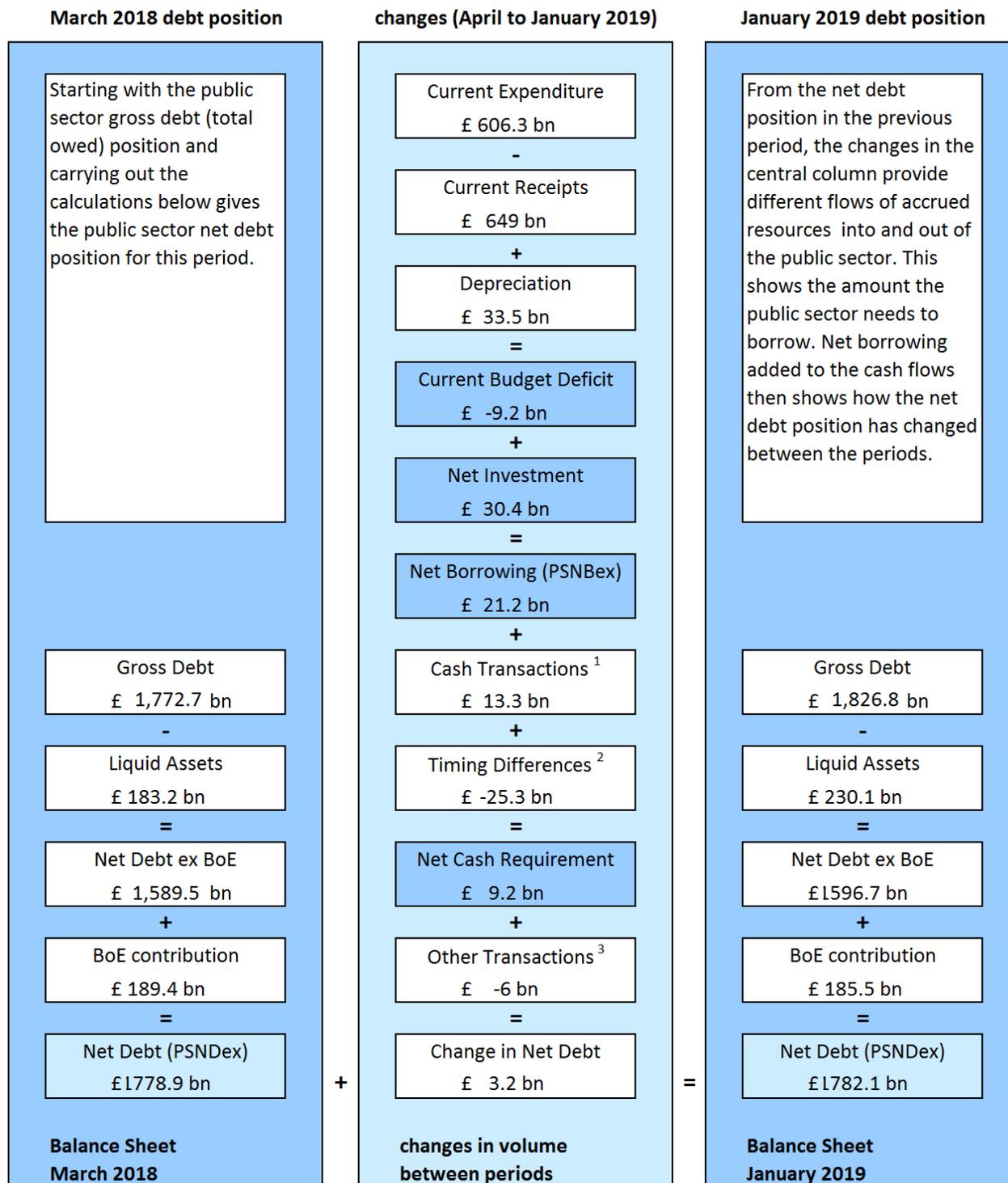
Notes:

1. PSND – Public sector net debt.
2. PSNDex – Public sector net debt excluding public sector banks.
3. PSND ex less BoE – Public sector net debt excluding both public sector banks and Bank of England.

Figure 7 incorporates the borrowing components detailed in Figure 2 to illustrate how the differences between income and spending (both current and capital) have led to the accumulation of debt in the current financial year-to-date (April 2018 to January 2019).

The reconciliation between public sector net borrowing and net cash requirement is presented in more detail in Table REC1 in the [Public sector finances Tables 1 to 10: Appendix A dataset](#).

Figure 7: How the differences in expenditure and receipts affect debt



Source: Office for National Statistics

Notes:

1. Cash transactions in (non-financing) financial assets, which do not impact on net borrowing.
2. Timing differences between cash and accrued data.
3. Revaluation of foreign currency debt (for example, foreign currency). Debt issuances or redemptions above or below debt valuation (for example, bond premia and discounts and capital uplifts). Changes in volume of debt not due to transactions (for example, sector reclassification).

6 . Revisions since previous release

Revisions can be the result of both updated data sources and methodology changes. This month, revisions to public sector net borrowing are a result of updated data.

Table 1 presents the revisions to the headline statistics presented in this bulletin compared with those presented in the previous publication (published on 22 January 2019).

Table 1: Revisions to main aggregates

£ billion¹ (not seasonally adjusted)

Period	Net borrowing					PSND ex ⁷	PSND % of GDP	PSNCR ex ⁸
	CG ²	LG ³	NFPCs ⁴	BoE ⁵	PSNB ex ⁶			
2016/17	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2017/18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018/19 YTD	0.0	0.1	0.0	0.0	0.1	-0.2	0.0	0.2
2018 Apr	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
2018 May	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018 Jun	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018 Jul	-0.6	0.0	0.0	0.0	-0.5	0.0	0.0	0.0
2018 Aug	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
2018 Sep	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2018 Oct	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
2018 Nov	0.3	-0.1	0.0	0.0	0.2	-0.1	0.0	0.0
2018 Dec	-0.1	0.1	0.0	0.0	0.0	-0.2	0.0	0.3

Source: Office for National Statistics

Notes:

1. Unless otherwise stated.
2. Central government.
3. Local government.
4. Non-financial public corporations.
5. Bank of England.
6. Public sector net borrowing excluding public sector banks.
7. Public sector net debt excluding public sector banks.
8. Public sector net cash requirement excluding public sector banks.
9. 2017/18 represents financial year ending 2018 (April 2017 to March 2018).
10. 2018/19 YTD refers to the current financial year-to-date (April to December 2018).

Revisions to public sector net borrowing (excluding public sector banks) in the financial year-to-date (April to December 2018)

The data for the latest month of every release contain some forecast data. The initial outturn estimates for the early months of the financial year, particularly April, contain more forecast data than other months, as profiles of tax receipts, along with departmental and local government spending are still provisional. This means that the data for these months are typically more prone to revision than other months and can be subject to sizeable revisions in later months.

Public sector net borrowing excluding public sector banks (PSNB ex) in the period April to December 2018 has been revised up by £0.1 billion compared with figures presented in the previous bulletin (published on 22 January 2019).

In the central government account, data revisions over the period April to December 2018 have been largely offsetting. Tax receipts have been revised down by £0.9 billion, while other revenue has increased by £1.0 billion. Much of the change to tax receipts was due to the re-profiling of receipts across the financial year.

Over the same period, estimates for central government current expenditure increased by £0.5 billion, due largely to an increase in expenditure on goods and services. Capital expenditure (net investment) decreased by £0.4 billion, due largely to a decrease in gross capital formation.

Local government net borrowing was revised up by £0.1 billion, due to changes in transfers received from central government. These revisions offset at a public sector level.

Figure 8 breaks down the revision to PSNB ex by each of its four sub-sectors: central government, local government, non-financial public corporations and Bank of England (BoE).

Figure 8: How each sector contributes to the revision in year-to-date borrowing

Latest data covering April to December 2018, compared with that presented in the previous bulletin (22 January 2019), UK

£ billion

PSNBex			
Previous	Revision	Latest	
35.9	0.1	36.1	

CGNB			
Previous	Revision	Latest	
36.2	0.0	36.1	
=			
CG Current Expenditure			
523.3	0.5	523.7	
-			
CG Receipts			
531.3	0.0	531.3	
+			
CG Depreciation			
13.9	0.0	13.9	
+			
CG Net Investment			
30.3	-0.4	29.9	

LGNB			
Previous	Revision	Latest	
0.3	0.1	0.4	
=			
LG Current Expenditure			
29.7	0.1	29.7	
-			
LG Receipts			
35.0	0.0	35.0	
+			
LG Depreciation			
9.3	0.0	9.3	
+			
LG Net Investment			
-3.7	0.1	-3.6	

PCNB			
Previous	Revision	Latest	
0.0	0.0	0.0	
=			
PC Current Expenditure			
0.3	0.0	0.3	
-			
PC Receipts			
6.5	0.0	6.5	
+			
PC Depreciation			
6.9	0.0	6.9	
+			
PC Net Investment			
-0.6	0.0	-0.6	

BoENB			
Previous	Revision	Latest	
-0.5	0.0	-0.5	

CG Receipts			
Of Which:	Previous	Revision	Latest
Taxes on production	211.5	-1.1	210.4
Of Which:			
VAT	112.8	0.1	112.9
Fuel Duty	21.4	0.0	21.4
Alcohol	9.6	-0.1	9.5
Tobacco	7.0	0.0	7.0
Stamp Duty (L&P)	10.0	0.0	10.0
Taxes on I&W	174.0	0.1	174.2
Of Which:			
Income Tax	128.2	-0.1	128.1
o/w Self Assessment	12.3	0.0	12.3
Corporation Tax	45.8	0.3	46.1
Other Taxes	13.5	0.0	13.6
Total Taxes	399.1	-0.9	398.2
NICs	99.1	0.3	99.4
Interest & Dividends	15.7	0.7	16.4
Other receipts	17.4	0.0	17.4

CG Expenditure			
Of Which:	Previous	Revision	Latest
Interest	40.4	0.0	40.3
Net social Benefits	162.5	0.0	162.5
Of Which:			
NI Fund Benefits	81.4	0.0	81.4
Social Assistance	72.8	0.0	72.8
Other Current	320.4	0.5	320.9
Of Which:			
Goods & Services	195.2	0.5	195.7
o/w Staff Costs	94.4	0.3	94.8
Transfers to LG	86.0	-0.1	85.9
Contributions to EU	7.9	0.0	7.9

Source: Office for National Statistics

Notes:

1. PSNBex – Public sector net borrowing excluding public sector banks.
2. CGNB – Central government net borrowing.
3. LGNB – Local government net borrowing.
4. PCNB – Non-financial public corporations net borrowing.
5. BoENB – Bank of England net borrowing.
6. L&P – Land and property.
7. I & W – Income and wealth.
8. Contributions to EU – UK VAT, GNI and abatement contributions to the EU budget.
9. NICs – National Insurance contributions.

Revisions to public sector net cash requirement (excluding public sector banks) in December 2018

Since the last publication (22 January 2019), our estimate of public sector net cash requirement for December 2018 has increased by £0.3 billion. This is largely due to regular updated estimates provided by the Ministry of Housing, Communities and Local Government.

Revisions to public sector net debt excluding public sector banks

Our estimate of public sector net debt excluding public sector banks (PSND ex) at the end of December 2018 has been revised down by £0.2 billion compared with figures presented in the previous bulletin (published on 22 January 2019). This change was largely due to new data received from Network Rail, reducing central government gross debt by £0.3 billion in December 2018.

7 . How do our figures compare with official forecasts?

The independent [Office for Budget Responsibility \(OBR\)](#) is responsible for the production of official forecasts for government. These forecasts are usually produced twice a year, in spring and autumn.

The OBR forecasts used in this bulletin are based on those published in its [Economic and Fiscal Outlook – October 2018](#). The government will publish its [Spring Statement](#) on Wednesday 13 March 2019.

Table 2 compares the current outturn estimates for each of our main public sector (excluding public sector banks) aggregates for the latest full financial year with corresponding OBR forecasts for the following financial year. Further, it compares the current financial year-to-date (April 2018 to January 2019) outturn estimates with those of the previous financial year.

Caution should be taken when comparing public sector finances data with OBR figures for the full financial year. Data are not finalised until some time after the financial year ends, with initial estimates made soon after the end of the financial year often subject to sizeable revisions in later months as forecasts are replaced with audited outturn data.

There may also be known methodological differences between OBR forecasts and outturn data.

Table 2: Latest outturn estimates compared with Office for Budget Responsibility forecasts

Office for Budget Responsibility (OBR) forecasts in the current financial year-to-date (April 2018 to January 2019) compared with the latest full financial year (April 2017 to March 2018), UK

	£ billion ¹ (not seasonally adjusted)					
	Financial year-to-date ⁷			Full financial year ⁸		
	2017/18	2018/19	% change	2017/18 Outturn	2018/19 OBR Forecast ⁹	% change
Excluding public sector banks						
Current budget deficit ²	8.1	-9.2	-214.0	-0.9	15.7	-1,848.6
Net investment ³	31.6	30.4	-3.7	42.8	41.2	-3.7
Net borrowing ⁴	39.7	21.2	-46.6	41.9	25.5	-39.2
Net debt ⁵	1,741.6	1,782.1	2.3	1,778.9	1,810.1	1.8
Net debt as a percentage of GDP ⁶	83.4	82.6	NA	84.8	83.7	NA

Source: Office for National Statistics

Notes:

1. Unless otherwise stated.
2. Current budget deficit is the difference between current expenditure (including depreciation) and current receipts.
3. Net investment is gross investment (net capital formation plus net capital transfers) less depreciation.
4. Net borrowing is current budget deficit plus net investment.
5. Net debt is financial liabilities (for loans, deposits, currency and debt securities) less liquid assets.
6. GDP at current market price.
7. Financial year-to-date refers to the period from April to January.
8. 2018/19 refers to financial year ending in March 2019 and 2017/18 refers to financial year ending in March 2018.
9. All OBR figures are from the OBR Economic and Fiscal Outlook published in October 2018.
10. NA means "not applicable".

8 . International comparisons of borrowing and debt

The UK government debt and deficit statistical bulletin is published quarterly (in January, April, July and December each year), to coincide with when the UK and other EU member states are required to report on their deficit (or net borrowing) and debt to the European Commission.

On 17 January 2019, we published [UK government debt and deficit: September 2018](#), consistent with [Public sector finances, UK: November 2018](#) (published on 21 December 2018). In this publication we stated that:

- general government gross debt was £1,763.8 billion at the end of March 2018, equivalent to 85.4% of gross domestic product (GDP); 25.4 percentage points above the Maastricht reference value of 60.0%
- general government deficit (or net borrowing) was £42.9 billion in the financial year ending (FYE) March 2018, equivalent to 2.1% of GDP; 0.9 percentage points below the Maastricht reference value of 3.0%

This bulletin presents an downward revision to general government deficit in the FYE March 2018 of £0.1 billion, to £42.8 billion, compared with that published on 17 January 2019; while the estimate of general government gross debt remains unchanged at £1,763.8 billion.

The UK general government debt and deficit data we published on 19 October 2018 were [published by Eurostat on 22 October 2018 \(PDF, 548KB\)](#) in context with the other 27 EU member states.

It is important to note that the GDP measure used as the denominator in the calculation of the debt ratios in the UK government debt and deficit statistical bulletin, differs from that used within the Public sector finances statistical bulletin.

9 . Quality and methodology

The public sector finances [Quality and Methodology Information \(QMI\) report](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

The public sector finances [methodological guide](#) provides comprehensive contextual and methodological information concerning the monthly Public sector finances statistical bulletin.

The guide sets out the conceptual and fiscal policy context for the bulletin, identifies the main fiscal measures and explains how these are derived and inter-related. Additionally, it details the data sources used to compile the monthly estimates of the fiscal position.

Local government forecasts

In recent years, planned expenditure initially reported in local authority budgets has systematically been higher than the final outturn expenditure reported in the audited accounts. We therefore include adjustments to reduce the amounts reported at the budget stage.

Our adjustments for the whole financial year ending (FYE) March 2019 are £1.5 billion for current expenditure on goods and services and £0.7 billion for capital expenditure. Further information on these and additional adjustments can be found in the public sector finances methodological guide.

10 . Looking ahead

This section presents information on aspects of data or methodology that are planned but not yet included in the public sector finances.

Further, in our article [Looking ahead: developments in public sector finance statistics](#), we provide users with early sight of those areas where the fiscal statistics may be significantly impacted upon by methodological or classification changes during the coming 24 months.

EU withdrawal agreement

Although the Office for Budget Responsibility (OBR) discusses the EU settlement in [Annex B \(PDF, 2.5MB\)](#) of their [Economic and Fiscal Outlook – March 2018](#), the details in the report are still subject to negotiation.

There is insufficient certainty at this stage for us to complete a formal assessment of impact on the UK public sector finances.

On 28 January 2019, National Statistician John Pullinger released a [statement outlining our legislative preparations for a possible no-deal EU exit](#).

Accounting for student loans: how we are improving the recording of student loans in government accounts

On 17 December 2018, we announced our decision on [how we will treat student tuition fee and maintenance loans in the government's accounts](#). We have published a [blog explaining our role and why we have taken this decision](#).

In addition, we have published a technical note, giving further information about [how we came to our decision](#).

It is anticipated that implementation of this decision into our headline statistics will take some time and that any change will be reflected in the public sector finances in September 2019.

Crossrail

On 10 December 2018, the government published an [Update on the financial package for Crossrail](#). In this release, they announced a financial package of £1.4 billion, largely made up of a loan of £1.3 billion from the Department for Transport (DfT) to the Greater London Authority (GLA).

The government also announced that, as the final costs of the Crossrail project are yet to be confirmed, a contingency arrangement has also been agreed between Transport for London (TfL) and DfT. The DfT will loan TfL up to £750 million in the event that further finance is required for the project.

We will reflect the impact of these financial transactions in the public sector finances at the earliest opportunity after these transactions have taken place.

The sale of railway arches

On 11 September 2018, Network Rail announced [they had agreed terms for the sale of its Commercial Estate business in England and Wales](#), the majority of the properties in which are railway arches. We are currently investigating the nature of the transaction to ensure that the impacts will be fully reflected in the public sector finances.

East Coast Mainline

On 16 May 2018, the government announced that from 24 June 2018, [London North Eastern Railway \(LNER\) will take over the running of East Coast Mainline services](#). On 31 August 2018, we announced that [LNER would be classified to the public non-financial corporations sub-sector](#), effective from 14 February 2018. We are currently investigating the implications of this decision and our conclusions will be announced in due course.

Carillion insolvency

Following Carillion Plc declaring insolvency on 15 January 2018, the UK government announced that it would [provide the necessary funding required by the Official Receiver](#), to ensure continuity of public services through an orderly liquidation. The Official Receiver has been appointed by the court as liquidator, along with partners at PwC that have been appointed Special Managers. The defined benefit pension schemes of former Carillion employees are currently being [assessed by the Pension Protection Fund](#) (PPF) prior to any transition into the PPF scheme.

We are currently investigating the various impacts of the liquidation of Carillion on the public sector finances, including in relation to the public-private partnership projects in which Carillion was involved and the additional funding that the government has provided to maintain public services. We will announce our findings in due course.

Prior to liquidation, Carillion held approximately 450 contracts with government, representing 38% of Carillion's 2016 reported revenue.

11 . Links to data and related publications

Time series data

All data contained within these publications are available to download via the [public sector finances time series dataset](#). From April 1997 to date, where available, time series are presented as monthly data, with series extending further back in time, generally presented on a quarterly or financial year basis.

Time series exclusive to the public sector finances borrowing by sub-sector presentation are only available as quarterly time series, though these extend back to 1946.

Supporting documentation

Documentation supporting this publication is available in appendices to the bulletin:

- [Public sector finances Tables 1 to 10: Appendix A](#)
- [Large impacts on public sector fiscal measures excluding banking groups: Appendix B](#)
- [Public sector finances revisions analysis on main fiscal aggregates: Appendix C](#)
- [Public sector current receipts: Appendix D](#)
- [Impact of the reclassification of housing associations into the public sector: Appendix E](#)
- [Revisions to the first reported estimate of public sector net borrowing: Appendix F](#)

Public sector borrowing by sub-sector

Each month, at 9:30am on the working day following the Public sector finances statistical bulletin, we publish [Public sector finances borrowing by sub-sector](#). This release contains an extended breakdown of public sector borrowing in a matrix format and also estimates of total managed expenditure (TME).