

Statistical bulletin

UK government debt and deficit: September 2019

Quarterly estimates of UK government deficit and debt, given to the European Commission under the excessive deficit procedure protocol, as part of the Maastricht Treaty.



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1 . Main points

- General government gross debt was £1,821.9 billion at the end of the financial year ending March 2019, equivalent to 84.0% of gross domestic product (GDP) and 24.0 percentage points above the reference value of 60.0% set out in the protocol on the excessive deficit procedure.
- General government gross debt first exceeded the 60.0% Maastricht reference value at the end of the financial year ending March 2010, when it was 69.1% of GDP.
- General government deficit (or net borrowing) was £38.7 billion in the financial year ending (FYE) March 2019, equivalent to 1.8% of GDP and 1.2 percentage points below the reference value of 3.0% set out in the protocol on the excessive deficit procedure.
- This is the third consecutive financial year in which general government deficit has been below the 3.0% Maastricht reference value.

2 . Things you need to know about this release

In the UK, the general government consists of two sub-sectors: central government and local government.

Deficit (or net borrowing) measures the gap between total revenue and total spending. A positive value indicates borrowing while a negative value indicates a surplus.

Debt represents the amount general government owes to UK private sector organisations and overseas institutions, largely a result of government financial liabilities on the bonds (gilts) and Treasury bills it has issued.

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](#).

EU withdrawal agreement

Although the Office for Budget Responsibility (OBR) discusses the EU settlement in their [Economic and fiscal outlook – March 2019](#), 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 the impact on general government debt and deficit. On 28 January 2019, then National Statistician John Pullinger released a [statement outlining our legislative preparations for a possible no-deal EU exit](#).

3 . Background to this release

The UK government debt and deficit statistical bulletin is published quarterly in January, April, July and October each year. This is 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.

[The EU](#) is an economic and political union of 28 countries. It operates an internal (or single) market, which allows free movement of goods, capital, services and people between member states.

The EU countries are:

Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

[Article 126 of the Treaty on the Functioning of the European Union](#) obliges member states to avoid excessive budgetary deficits. The protocol on the excessive deficit procedure, annexed to the Maastricht Treaty, defines two criteria and reference values with which member states' governments should comply. These are:

- a deficit (or net borrowing) to gross domestic product (GDP) ratio of 3.0%
- a debt to GDP ratio of 60.0%

For the UK, financial year (April to March) figures are used by the European Commission when assessing against the protocol on the excessive deficit procedure.

4 . What has 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.

Network Rail capital expenditure

We found and corrected an error in our Network Rail capital expenditure data for the financial year ending March 2019. As a result of correcting this error, central government net investment was reduced by £1.0 billion. Central government (and subsequently general government) net borrowing was reduced by the same amount. No other time periods were affected.

Bank of England Asset Purchase Facility Fund

In October 2019, there was a £3.4 billion dividend transfer from the Bank of England Asset Purchase Facility Fund (BEAPFF) to HM Treasury. As with other such transfers, central government net borrowing is reduced by the transfer, while the net borrowing of the Bank of England is increased by an equal and offsetting amount.

The Bank of England entrepreneurial income for the financial year ending (FYE) March 2019 (April 2018 to March 2019) was calculated as £11.2 billion. This is the total amount of dividend transfers that can impact on central government net borrowing in the FYE March 2020 (April 2019 to March 2020). So far in the first half of this financial year (April to September), £3.5 billion in dividends have been transferred from the BEAPFF to HM Treasury, compared with £5.9 billion in the same period last year.

Royal Bank of Scotland dividends

In April and September 2019, central government received dividend payments of £0.8 billion and £1.1 billion respectively from the Royal Bank of Scotland (RBS) based on its 62.4% shareholding. This revenue reduced central government (and subsequently general government) net borrowing in Quarter 2 (Apr to June) by £0.8 billion and in Quarter 3 (July to Sept) by £1.0 billion.

RBS entrepreneurial income for the FYE March 2019 (April 2018 to March 2019) was calculated as £1.9 billion. This is the total amount of dividend transfers that can impact on central government net borrowing in the FYE March 2020 (April 2019 to March 2020).

5 . How much is the general government gross debt?

At the end of the financial year ending (FYE) March 2019, UK general government gross debt was £1,821.9 billion, equivalent to 84.0% of gross domestic product (GDP) (Table 1 and Figure 1). This represents an increase of £57.4 billion since the end of the FYE March 2018, although debt as a percentage of GDP decreased over the same period from 84.6%. This reduction in the ratio of debt to GDP implies that GDP is currently growing at a greater rate than government debt.

The average general government gross debt across the 28 EU member states at the end of June 2019 was 80.5% of GDP.

UK general government gross debt first exceeded the 60.0% Maastricht reference value at the end of the FYE March 2010, when it was 69.1% of GDP (or £1,076.6 billion), and it continues to remain above this reference value.

At the end of the calendar year 2018, UK government gross debt was 85.7% of GDP (or £1,838.2 billion).

Table 1: General government gross debt

UK, financial year ending March 2012 to financial year ending March 2019 and calendar years 2011 to 2018

	£ billion ³							
Financial year ending March¹	2012	2013	2014	2015	2016	2017	2018	2019
Debt ²	1,349.7	1,425.6	1,522.5	1,604.1	1,652.3	1,720.5	1,764.5	1,821.9
as % GDP	80.9	82.6	84.3	85.7	85.4	85.2	84.6	84.0
Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018
Debt ²	1,328.8	1,424.8	1,499.8	1,604.9	1,666.2	1,731.8	1,786.7	1,838.2
as % GDP	80.1	83.2	84.2	86.2	86.9	86.8	86.2	85.7

Source: Office for National Statistics – UK government debt and deficit

Notes:

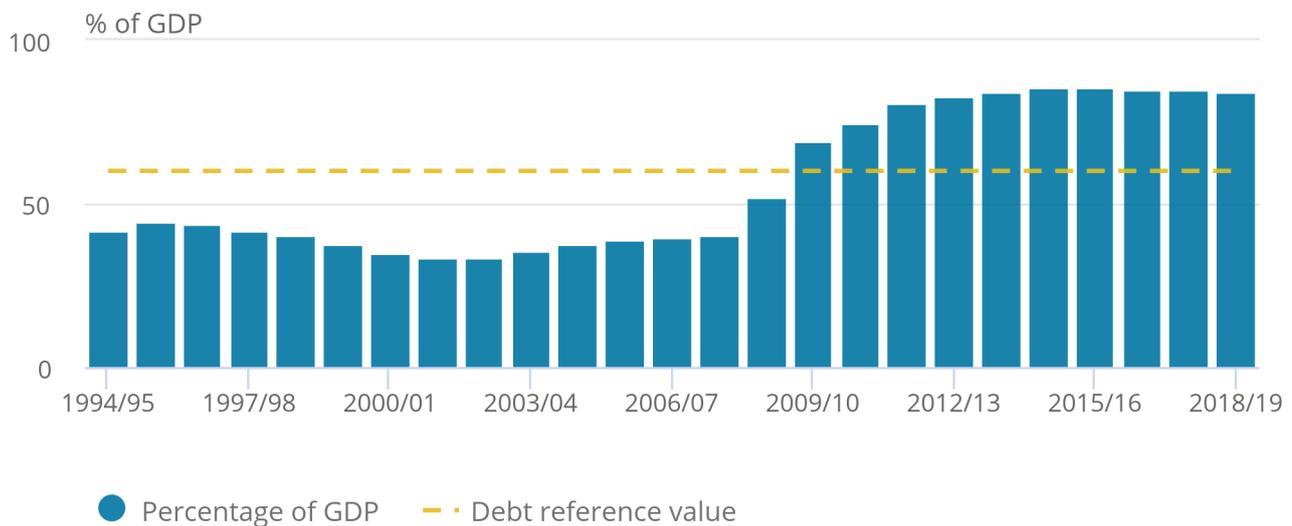
1. Financial year represents the period of April to March
2. Consolidated and at nominal values
3. Unless otherwise stated

Figure 1: General government gross debt has been above the 60% of GDP reference value since the financial year ending March 2010

General government gross debt as a percentage of GDP, UK, financial year ending March 1995 to financial year ending March 2019

Figure 1: General government gross debt has been above the 60% of GDP reference value since the financial year ending March 2010

General government gross debt as a percentage of GDP, UK, financial year ending March 1995 to financial year ending March 2019



Source: Office for National Statistics – UK government debt and deficit

Notes:

1. GDP – gross domestic product.
2. Deficit to GDP ratio reference value is 3%.

6 . How much is the general government deficit?

In the financial year ending (FYE) March 2019, the UK general government deficit was £38.7 billion, equivalent to 1.8% of gross domestic product (GDP) (Table 2 and Figure 2); this is the lowest since the FYE March 2002, when it was 0.4%. This represents a decrease of £17.3 billion compared with the FYE March 2018.

In the calendar year 2018, the UK government deficit was £47.2 billion (or 2.2% of GDP), a decrease of £3.2 billion compared with the previous calendar year.

Table 2: General government deficit**UK, financial year ending March 2011 to financial year ending March 2019 and calendar years 2010 to 2018**

£ billion²

Financial year ending March¹	2012	2013	2014	2015	2016	2017	2018	2019
Deficit	125.4	127.0	103.9	94.6	83.6	56.3	56.0	38.7
as % GDP	7.5	7.4	5.8	5.1	4.3	2.8	2.7	1.8
Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018
Deficit	124.6	139.7	98.5	103.5	88.0	66.8	50.4	47.2
as % GDP	7.5	8.2	5.5	5.6	4.6	3.3	2.4	2.2

Source: Office for National Statistics – UK government debt and deficit

Notes

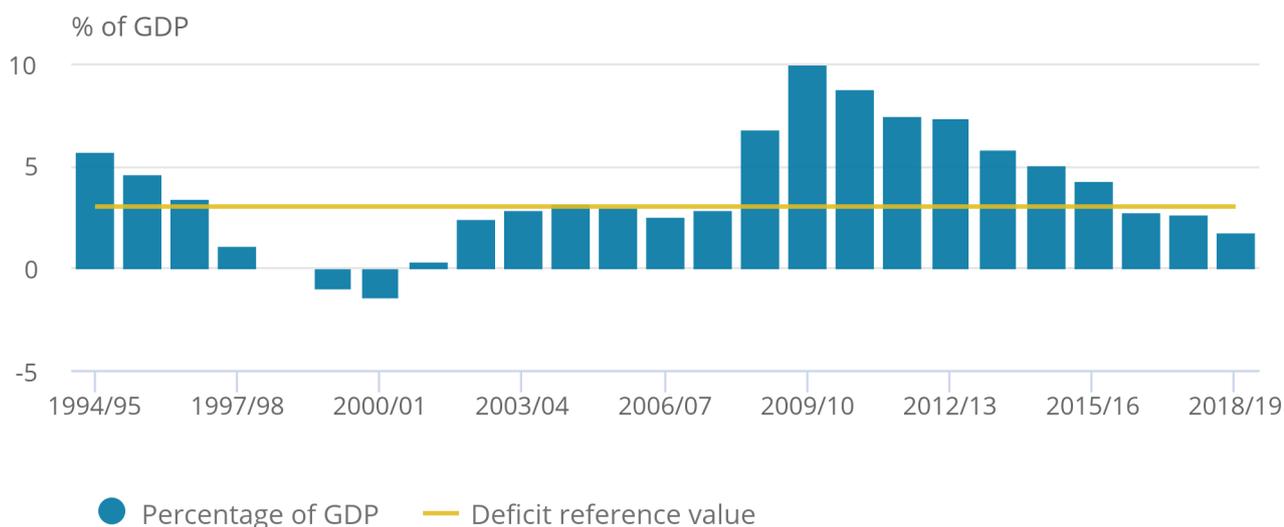
1. 2018/19 refers to the financial year ending March 2019.
2. Unless otherwise stated.

Figure 2: General government net borrowing has been below 3% of GDP for the third consecutive year since the financial year ending 2008

General government net borrowing (deficit) as a percentage of GDP, UK, financial year ending March 1995 to financial year ending March 2019

Figure 2: General government net borrowing has been below 3% of GDP for the third consecutive year since the financial year ending 2008

General government net borrowing (deficit) as a percentage of GDP, UK, financial year ending March 1995 to financial year ending March 2019



Source: Office for National Statistics – UK government debt and deficit

Notes:

1. GDP – gross domestic product.
2. Deficit to GDP ratio reference value is 3%.

7. How do these figures compare with other publications?

The general government debt and deficit figures published in this bulletin (for the time period 1997 onwards) are fully consistent with those published in the [Public sector finances, UK: November 2019 statistical bulletin](#), published on 20 December 2019.

There are two main differences between the headline debt and deficit measures published in the public sector finances and the debt and deficit figures published in this bulletin. First, this bulletin includes only the debt and deficit of central and local government bodies. The public sector finances' measures also include the debt and deficit of other public sector bodies, including public non-financial corporations, public sector pensions and the Bank of England. Secondly, this bulletin reports gross debt, while the public sector finances' focus is net debt. Gross debt represents only the financial liabilities (debt securities, loans and deposits) of central and local government, while net debt deducts any liquid assets (that is, official reserve assets and other cash or cash-like assets) from these financial liabilities.

8 . How do these figures compare internationally?

This release is fully consistent with the latest data transmission on UK government deficit (or net borrowing) and debt that the UK and other EU member states are required to report quarterly to the European Commission.

Eurostat analyses all data provided by member states and publishes a press release that places the [UK figures in a European context and provides commentary on any issues specific to member states](#).

The debt and deficit figures in this statistical bulletin will be [published by Eurostat on 21 January 2020](#) in context with the other 27 EU member states.

According to the [latest published figures](#) (22 October 2019), there were 15 member states (including the UK) that had a gross debt at the end of June 2019 that exceeded the 60% of gross domestic product (GDP) reference value. The average gross debt as a percentage of GDP across all 28 member states at the end of June 2019 was 80.5%, exceeding the 60% of GDP reference value by 20.5%.

The UK, uniquely within the EU, is assessed against the deficit and debt on a UK financial year basis (April to March).

The tables in this bulletin present the UK government debt and deficit position at the end of both the financial and calendar years.

While the main statistics provided to Eurostat are those of general government consolidated gross debt and deficit, supplementary government finance statistics are also supplied by member states. A full set of [government finance tables](#) provided by the UK to Eurostat is included in this release.

9 . Revisions since previous release

This bulletin reports the third published estimate of UK general government debt and deficit figures for the financial year ending (FYE) March 2019 and the fourth set of estimates for the full calendar year 2018.

Since the [last publication of this bulletin in October 2019](#), there have been no revisions to the general government debt for the FYE March 2019 and the calendar year ending 2018. The general government deficit for the FYE March 2019 has been revised downwards by £2.8 billion and the calendar year ending 2018 has been revised downwards by £1.9 billion. Table 3 shows the revisions to the headline statistics presented in this bulletin compared with those presented in the previous bulletin.

Table 3: Revisions to general government gross deficit and debt**UK, Revisions since the previous government deficit and debt return published 17 October 2019**

	£ billion ³							
Financial year ending March¹	2012	2013	2014	2015	2016	2017	2018	2019
Debt ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deficit	0	0	0	-0.1	-0.1	-0.1	-0.2	-2.8
Calendar Years	2011	2012	2013	2014	2015	2016	2017	2018
Debt ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deficit	0	0	0	0	0	-0.1	-0.2	-1.9

Source: Office for National Statistics – UK government debt and deficit

Notes

1. Financial year represents the period of April to March.
2. Consolidated and at nominal values.
3. Unless otherwise stated.

These revisions are primarily the result of improved departmental (and other government bodies) data replacing previous estimates and changes mentioned in [Section 4](#).

[Table M8R](#) presents the revisions to our main aggregates since the last publication of the government debt and deficit return, as reported to the European Commission in October 2019. These revisions are consistent with revisions incorporated within the [Public sector finances statistical bulletin](#).

The [public sector finances revisions policy](#) provides information on when users of the statistics published in the [Public sector finances](#) and [UK government debt and deficit](#) statistical bulletins should expect to see methodological and data-related revisions.

10 . Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Public sector finances QMI](#).

The [public sector finances methodological guide](#) provides comprehensive contextual and methodological information concerning the monthly [Public sector finances statistical bulletin](#) and related publications, including this release.

The guide sets out the conceptual and fiscal policy context, identifies the main fiscal measures, and explains how these are derived and interrelated. Additionally, it details the data sources.

11 . Looking ahead

This section presents information on aspects of data or methodology that are planned but not yet included in the [Public sector finances statistical bulletin](#) and related publications.

On 31 May 2019, we published the second in our series of development articles, [Looking ahead – developments in public sector finance statistics: 2019](#). In this article, we listed several short-term areas of work that we aim to implement in public sector finances statistics within 18 months from the date of this publication, including:

- International Monetary Fund's Government Finance Statistics framework
- continuous development of public sector net financial liabilities
- the recording of leases

12 . Annex A: Government deficit and debt return dataset

[Summary, reconciliation, and revisions information on UK government deficit and debt figures by calendar and financial year](#) is available.

13 . Annex B: Supplementary tables

European System of Accounts 2010 (ESA 2010) Table 2

Main aggregates of general government ESA Table 2 provides a [breakdown of general government expenditure \(both current and capital\) and general government revenue](#).

ESA Table 25

Quarterly non-financial accounts of general government ESA Table 25 provides a [breakdown of general government expenditure \(both current and capital\) and general government revenue](#).

ESA Table 27

Quarterly financial accounts of general government ESA Table 27 provides a [complete set of quarterly financial accounts of the general government sector and its sub-sectors](#), compiled according to ESA 2010.

ESA Table 28

Quarterly government debt (Maastricht debt) for general government ESA Table 28 provides a summary of [government debt on a quarterly basis, for general government and its sub-sectors](#).