

Statistical bulletin

UK government debt and deficit: June 2020

Quarterly estimates of UK government debt and deficit, 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 £1,876.8 billion at the end of the financial year ending (FYE) 2020, equivalent to 84.6% of gross domestic product (GDP), and 24.6 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 FYE 2010, when it was 69.0% of GDP.
- General government deficit (or net borrowing) was £62.3 billion at the end of FYE 2020, equivalent to 2.8% of GDP and 0.2 percentage points below the reference value of 3.0% set out in the protocol on the excessive deficit procedure.
- This is the fourth consecutive financial year in which general government deficit has been below the 3.0% Maastricht reference value.

2 . Debt

- Find the latest data and analysis on borrowing
- Find the latest [monthly figures for UK public sector debt and deficit \(or borrowing\)](#).
 - Get a breakdown of [public sector finances borrowing by subsector](#).

Table 1: General government gross debt
UK, financial year ending 2013 to financial year ending 2020

| Financial year ¹ ending March ² | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Debt ³ | 1,424.2 | 1,520.9 | 1,602.6 | 1,650.9 | 1,719.6 | 1,763.4 | 1,820.9 | 1,876.8 |
| as % GDP | 82.6 | 84.2 | 85.5 | 85.2 | 85.3 | 84.7 | 84.1 | 84.6 |

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

Notes

1. Financial year represents the period of April to March.
2. Debt is recorded as at the end of March of each financial year.
3. Consolidated and at nominal values.
4. £ billion, unless otherwise stated.

Table 2: General government gross debt
UK, calendar years 2012 to 2019¹

| Calendar Years² | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Debt³ | 1,423.5 | 1,498.3 | 1,603.3 | 1,664.7 | 1,730.9 | 1,785.6 | 1,837.1 | 1,891.1 |
| as % GDP | 83.2 | 84.2 | 86.1 | 86.7 | 86.8 | 86.3 | 85.8 | 85.4 |

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

Notes

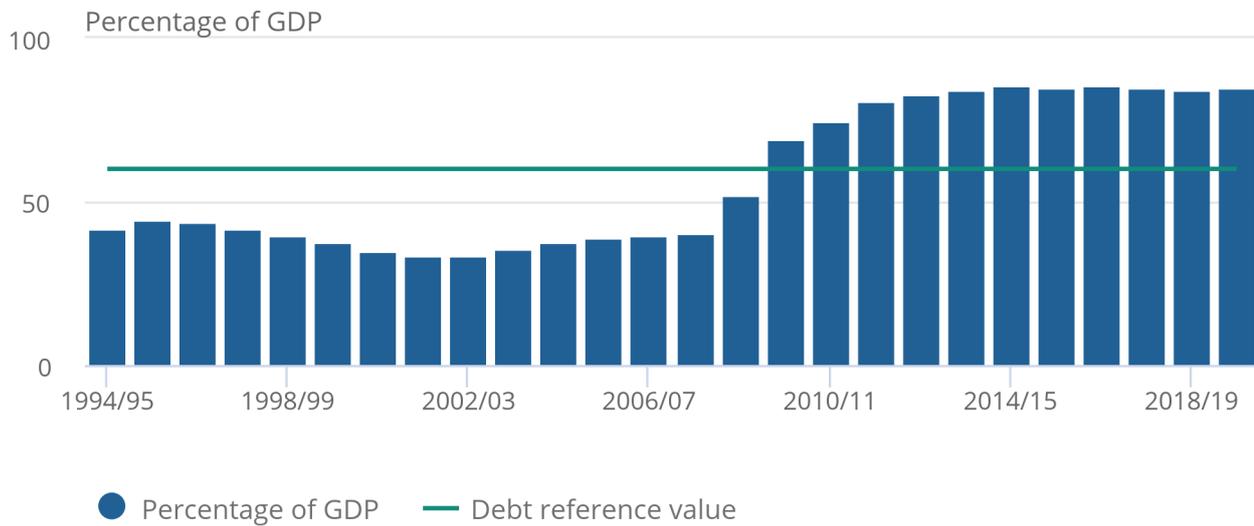
1. Calendar year represents the period of January to December.
2. Debt is recorded as at the end of December of each calendar year.
3. Consolidated and at nominal values.
4. £ billion, unless otherwise stated.

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

General government gross debt as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020

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General government gross debt as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020



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

Notes:

1. GDP – gross domestic product.
2. Deficit to GDP ratio reference value is 60%.
3. The ratio is recorded as at the end of March of each financial year.

3 . Deficit

Table 3: General government deficit
UK, financial year ending March 2013 to financial year ending March 2020

| Financial year ending March¹ | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Deficit | 126.5 | 103.4 | 94.1 | 82.9 | 54.8 | 55.7 | 41.0 | 62.3 |
| as % GDP | 7.3 | 5.7 | 5.0 | 4.3 | 2.7 | 2.7 | 1.9 | 2.8 |

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

Notes

1. Financial year represents the period of April to March.
2. £ billion, unless otherwise stated

Table 4: General government deficit
UK, calendar years 2012 to 2019

| Calendar Years¹ | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Deficit | 139.2 | 98.0 | 103.1 | 87.3 | 65.4 | 50.1 | 48.2 | 51.2 |
| as % GDP | 8.1 | 5.5 | 5.5 | 4.5 | 3.3 | 2.4 | 2.2 | 2.3 |

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

Notes

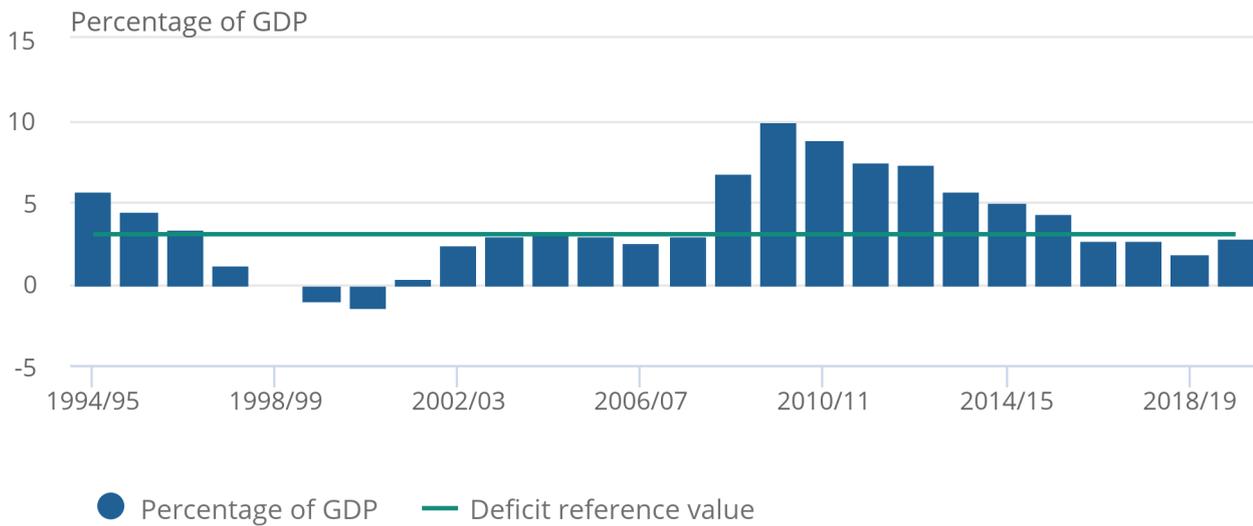
1. Calendar year represents the period of January to December.
2. £ billion, unless otherwise stated.

Figure 2: For the first time since the financial year ending 2004, general government deficit has been below 3% of GDP for four consecutive years

General government deficit (net borrowing) as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020

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General government deficit (net borrowing) as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020



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%.

4 . UK government debt and deficit data

[Government deficit and debt return](#)

Dataset | Released 19 October 2020

Summary, reconciliation, and revisions information on UK government deficit and debt figures by calendar and financial year since the last publication.

[General government main aggregates: ESA Table 2](#)

Dataset | Released 19 October 2020

Breakdown of general government expenditure (both current and capital) and general government revenue.

[General government quarterly non-financial accounts: ESA Table 25](#)

Dataset | Released 19 October 2020

Breakdown of general government expenditure (both current and capital) and general government revenue.

[General government quarterly financial accounts: ESA Table 27](#)

Dataset | Released 19 October 2020

Complete set of quarterly financial accounts of the general government sector and its subsectors, compiled according to the ESA.

[General government quarterly debt \(Maastricht debt\): ESA Table 28](#)

Dataset | Released 19 October 2020

Summary of government debt on a quarterly basis, for general government and its subsectors.

5 . Glossary

Debt

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

Deficit

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.

General government

UK general government consists of two subsectors: central government and local government.

6 . Measuring the data

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 EU member states are required to report on their deficit (or net borrowing) and debt to the European Commission.

Effects of the coronavirus (COVID-19) pandemic recorded in this bulletin

[Coronavirus Job Retention Scheme \(CJRS\)](#) – this temporary scheme is designed to help employers pay the wages and salaries to those employees who would otherwise lose their jobs because of the pandemic. Introduced in March 2020, the provisional recording of the CJRS increased subsidies paid by central government by an estimated £30.7 billion in the first half of 2020 and so increased the deficit in that period by a corresponding amount.

[Self-Employment Income Support Scheme \(SEISS\)](#) – this temporary scheme is designed to subsidise the wages of self-employed individuals who would otherwise lose their businesses as a result of the pandemic. The provisional recording of SEISS increased subsidies paid by central government by an estimated £7.3 billion in Quarter 2 (Apr to June) 2020 and so increased the deficit in that period by a corresponding amount.

[Transport for London \(TfL\) extraordinary funding and financing](#) – in May 2020, we recorded the [package of grants and loans made by central government to TfL](#) for the first time; these loan payments were recorded as subsidies from central government to the public corporations sector.

[Covid Corporate Financing Facility Fund \(CCFF\)](#) – the CCFF is a scheme under which the Bank of England, acting for HM Treasury, buys commercial paper issued by larger, non-financial corporations, to help with their cashflow position. These purchases are financed by a loan to central government from the Bank of England. At the end of June 2020, the CCFF had increased central government debt by £17.6 billion, an amount equal to the loan. Additionally, there is a small reduction in central government deficit (net borrowing) of the order of £18 million each quarter because of the interest accrued on the commercial paper.

Central government current grants – these grants paid to local government increased in the first two quarters of 2020, primarily because of additional payments to assist with addressing the pandemic made in late March. These grants have enabled local authorities to pay additional subsidies, the most significant being to support small businesses. Our time of recording for the subsidies is provisional, and our estimates may be revised over time.

Developments introduced in September 2020

Changes in methodology

- An improvement to the accrued recording of Corporation Tax relating to company tax credits

HM Revenue and Customs (HMRC) has reviewed the methodology used in time-adjusting Corporation Tax relating to company tax credits. Previously, all tax offset by reduced liability tax credits was recorded within an “other CT” category and time-adjusted according to the payment schedule for regular QIPs (Quarterly Instalment Payments paid between four to six months in arrears). This review enabled HMRC to separate these receipts into the relevant sectors, meaning they could be time-adjusted according to their actual payment schedule.

This improvement had a small impact on deficit (an increase of less than £0.1 billion each quarter from Quarter 2 2007 to date) but no impact on debt.

Reclassifications

- Pool Re

We have completed a classification assessment of Pool Reinsurance Company Limited (Pool Re) in the context of the internationally agreed statistical rules. We concluded that Pool Re should be classified to the central government sector with effect from 8 March 1993, the date it came into existence.

This reclassification had a small impact on deficit (a reduction of around £0.1 billion each quarter from 1993 to date). Additionally, this reclassification reduced gross debt at the end of June 2020 by £0.7 billion, largely as a result of the consolidation of the central government gilts held by Pool Re.

- Home Office immigration charges

In the national accounts and government finance statistics, [government income is categorised by its type](#); the three main types are taxes, social contributions and fees. In 2019, we examined the statistical classification of visa charges and the Immigration Health Surcharges.

We have established that compulsory charges for visas, citizenship and points-based applications should be recorded as taxes, and the optional premium service charges as payments for a service (fees). We also determined that the Immigration Health Surcharges should be recorded as a social contribution.

This reclassification affects the categorisation of revenue within central government and has no impact on debt or deficit. We have added the taxes to the National Tax List.

- Dartford Crossing tolls

We have established that Dartford Crossing tolls should be recorded as taxes, and the revenue from fines as current transfers. We have also added Dartford Crossing tolls to the National Tax List. As with Home Office immigration charges, this reclassification only affects the categorisation of revenue within central government and has no impact on debt or deficit.

- Other smaller reclassifications

We have continued to review the classification of several public corporations classified within the NACE O category. We concluded that the Driver and Vehicle Standards Agency, Wales Audit Office, Medicines and Healthcare products Regulatory Agency and Audit Scotland should be reclassified from the public non-financial corporations' subsector to the central government subsector.

This work had no material impact on deficit or debt.

Annual data updates

- Student loans

In September 2019, [we changed the way in which we record student loans in the public sector finance statistics](#). Data underlying this recording are generally available annually, as new outturn and forecasts become available. In September 2020, we updated our previous estimates. Further updates outside of the annual cycle may occur after fiscal events or when new student loan policies are announced.

This update had a small impact on deficit (ranging between negative £0.1 billion and positive £0.2 billion each quarter from 1997 to date) but no impact on debt.

- Public sector funded pension schemes

In September 2019, [we changed the way in which we present funded public employment-related pension schemes in the PSF statistics](#). This year, we have included new data sources to reflect the composition of the pension schemes balance sheets more accurately. We have also updated our estimate of the pension liability with the latest available data.

This data update largely affects the public sector pension sector, outside of the general government boundary, and has very little impact on deficit.

This update had a small impact on deficit (for example, an increase of £0.2 billion 2019) but no impact on debt.

- Capital consumption

In September 2020, we updated our estimates of capital consumption to reflect the inclusion of terminal costs (the costs incurred to prevent environmental problems when production ceases) in central government along with other regular data updates.

Updates to capital consumption do not affect deficit, but its components are affected. We have therefore updated all affected components of deficit in all related time periods. There is no impact on debt.

- Data change – Vehicle Excise Duty

Vehicle Excise Duties are paid by both businesses (as taxes on production) and households (as other taxes). Each year, we carry out a review to update and improve the proportions of duty allocated to each area based on our Annual Business Survey. This update has no impact on debt or deficit.

Departure from the EU

As the UK leaves the EU, it is important that our statistics continue to be of high quality and are internationally comparable. During the transition period, those UK statistics that align with EU practice and rules will continue to do so in the same way as before 31 January 2020.

These statistics, and our sector classification process, draw on the [European system of accounts – ESA 2010](#), the Manual on Government Deficit and Debt, and associated guides.

During the transition period until the end of 2020, the UK is continuing to send data to Eurostat. In publications, Eurostat will present data for the UK after, and separated from, the member states.

After the transition period, we will continue to produce our government finance statistics in line with the UK Statistics Authority's Code of Practice for Statistics and in accordance with internationally agreed statistical guidance and standards.

To ensure comparability with other countries, the statistical aggregates within the UK government debt and deficit release will continue to be produced according to the existing definitions and standards until further notice or those standards are updated.

Revisions since previous publication

This is the second time that debt and deficit figures for the financial year ending (FYE) 2020 have been reported in this statistical bulletin series. It is the third time that debt and deficit figures for the full calendar year ending 2019 have been reported.

The revisions between releases are primarily the result of improved departmental (and other government bodies) data replacing previous estimates.

The [Government deficit and debt return dataset](#) 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 September 2020. 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.

7 . Strengths and limitations

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.

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

Comparability with monthly public sector finances

The general government debt and deficit figures published in this statistical bulletin (for the time period 1997 onwards) are fully consistent with those published in the [Public sector finances, UK: August 2020 statistical bulletin](#), published on 25 September 2020.

There are two main differences between the headline debt and deficit measures published in the public sector finances and those published in this bulletin.

Firstly, 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 and the Bank of England.

Secondly, this bulletin reports gross debt, while the focus of the public sector finances 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 (official reserve assets and other cash or cash-like assets) from these financial liabilities.

Comparability with EU member states

This release is fully consistent with the latest data transmission on UK Government deficit (or net borrowing) and debt that the UK and each of the 27 EU member states are required to report quarterly to the European Commission.

Although the UK is no longer an EU member state, during the transition period, those UK statistics that align with EU practice and rules will continue to do so in the same way as before 31 January 2020.

[Article 126 of the Treaty on the Functioning of the EU](#) 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%, and a debt to GDP ratio of 60%.

The UK debt and deficit figures in this statistical bulletin will be [published by Eurostat on 22 October 2020](#) in context with each of the 27 EU member states.

According to the [latest published figures](#) (22 July 2020), there were 13 member states in addition to the UK that had a gross debt that exceeded the 60% of GDP reference value at the end of March 2020.

The average gross debt as a percentage of GDP across all 27 member states at the end of December 2019 was 80.0%, exceeding the 60% of GDP reference value by 20.0 percentage points.

8 . Related links

[Public sector finances. UK: August 2020](#)

Bulletin | Released 25 September 2020

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

[Public sector finances borrowing by subsector](#)

Dataset | Released 25 September 2020

Public sector finances analytical tables (PSAT) showing transactions related to borrowing by subsector. Total Managed Expenditure (TME) is also provided.

[The debt and deficit of the UK public sector explained](#)

Article | Released 16 March 2016

A detailed explanation of the debt and deficit of the UK public sector.

[Looking ahead – developments in public sector finance statistics: 2019](#)

Bulletin | Released 31 May 2019

Outlines what the Office for National Statistics (ONS) sees as areas for future development in the public sector finances.