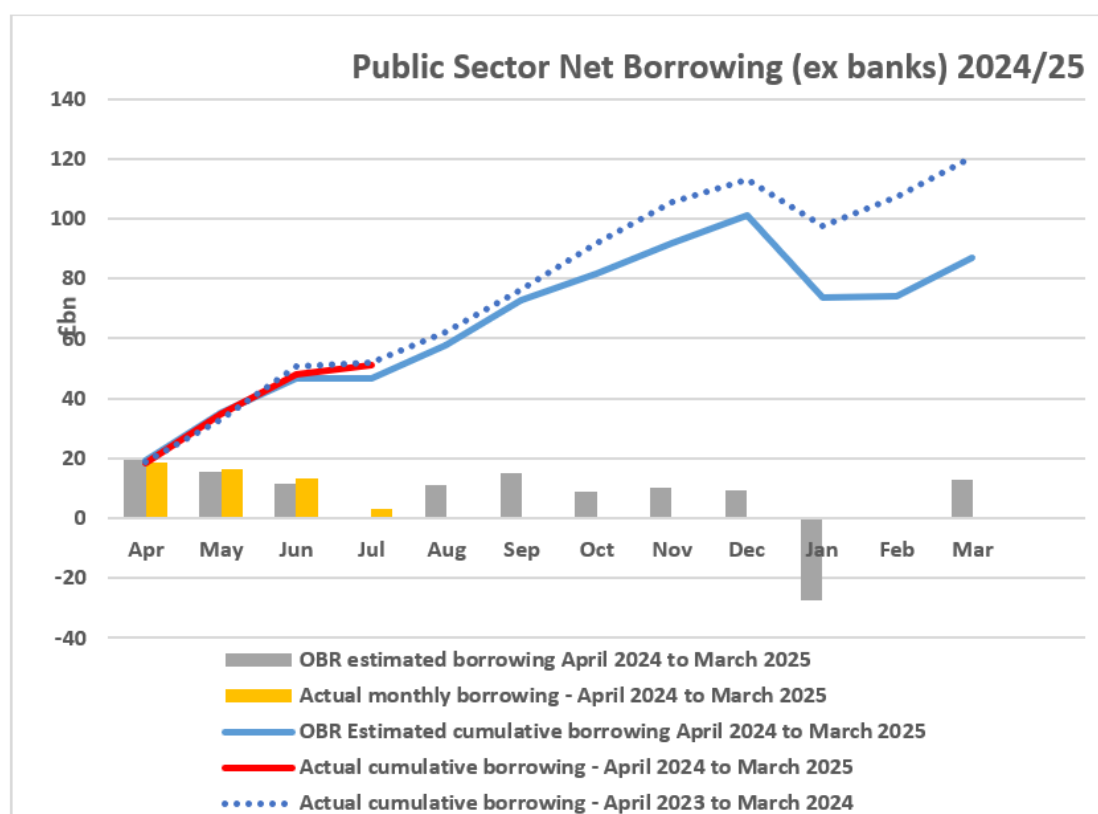


## July's Government borrowing figures

Synopsis: The July borrowing numbers, which were higher than expected by the market and the Office for Budget Responsibility (OBR). They are not what Rachel Reeves would have wanted as she contemplates her Autumn Budget, but in line with what her 'Spending Inheritance' review indicated.

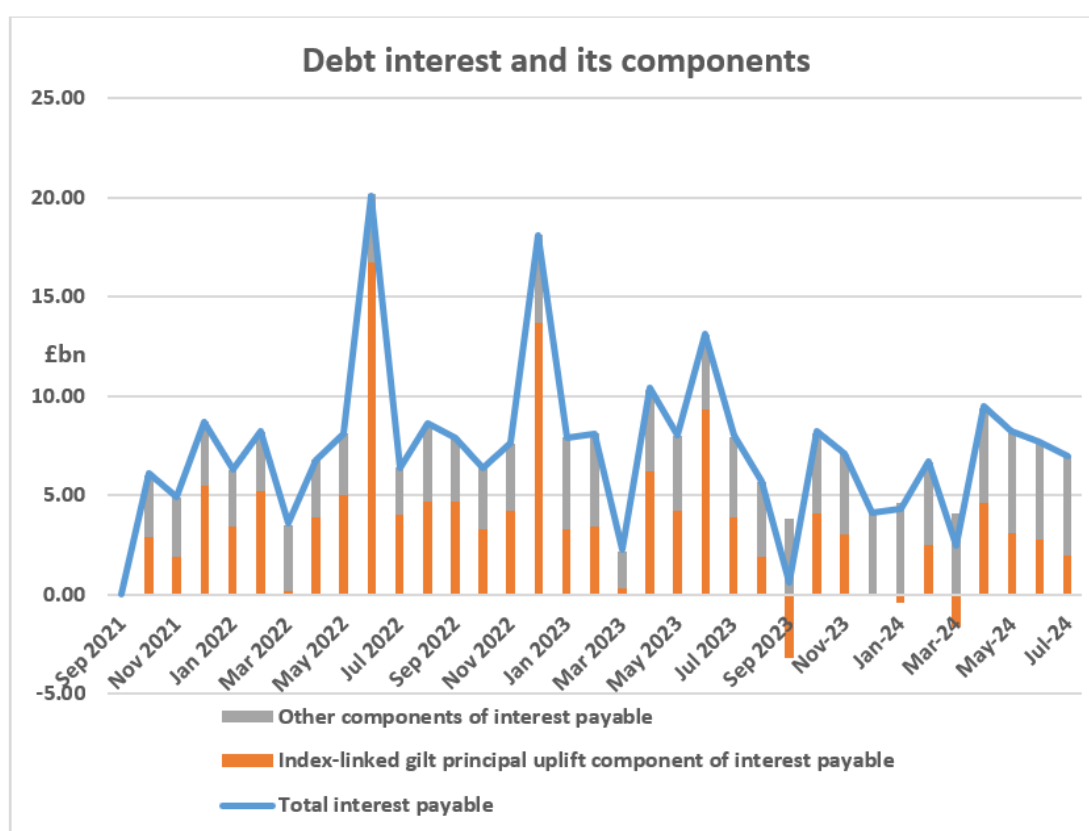
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With the Autumn Budget a little more than two months away, the Office for National Statistics (ONS) has published the public sector borrowing [data](#) for July 2024, adding to Rachel Reeves's black hole contemplations. July is generally a month of low (or even zero) borrowing, thanks to self-assessment receipts, but the provisional data show...

- The public sector net deficit ex banks (PSNB ex) in July 2024 is estimated to have been £3.1bn, meaning it was...
  - £1.8bn more than a year ago;
  - £2.3bn more than in July 2022;
  - £1.6bn less than in July 2021; but
  - £3.0bn above the OBR's March Budget monthly profile projection;
  - £1.6bn above the Reuters economists' median forecast; and

- The highest July borrowing figure since July 2021.
- Borrowing in 2023/24 was revised down £1.8bn to £120.3bn, £6.2bn above the OBR’s 2024/25 forecast, issued alongside March’s Budget, is £87.2bn – implying another £35.8bn borrowing over the next eight months.
- Overall public sector net debt excluding banks (PSND ex) was £2,745.9bn, equivalent to 99.4% of GDP (the same as the revised June figure). A year ago, the figure was 95.6%.
- At £7.0bn, July 2024 interest payments were £0.7.bn lower than June’s revised figure and mean debt interest in the first four months of 2024/25 totalled £32.4bn, down £7.1bn from the same period in 2023/24.



- Bank of England holdings of gilts (at redemption value) fell by £4.1bn to £590.5bn. The gap between the reserves the Bank created to purchase the gilts under QE and their redemption value contracted to £99.9bn. This is counted as Government debt, as the Treasury indemnified the Bank against losses.

The OBR’s shortened [commentary](#) on the figures notes...

- The difference with its forecast profile is driven primarily by higher-than-forecast consumption spending by Government departments (£5.8 billion), which appears related to strong growth in public sector pay.

- Receipts are broadly in line with profile in the year to date.

**Comment**

These disappointing numbers underline the challenge facing Rachel Reeves as she plans her Autumn Budget.

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