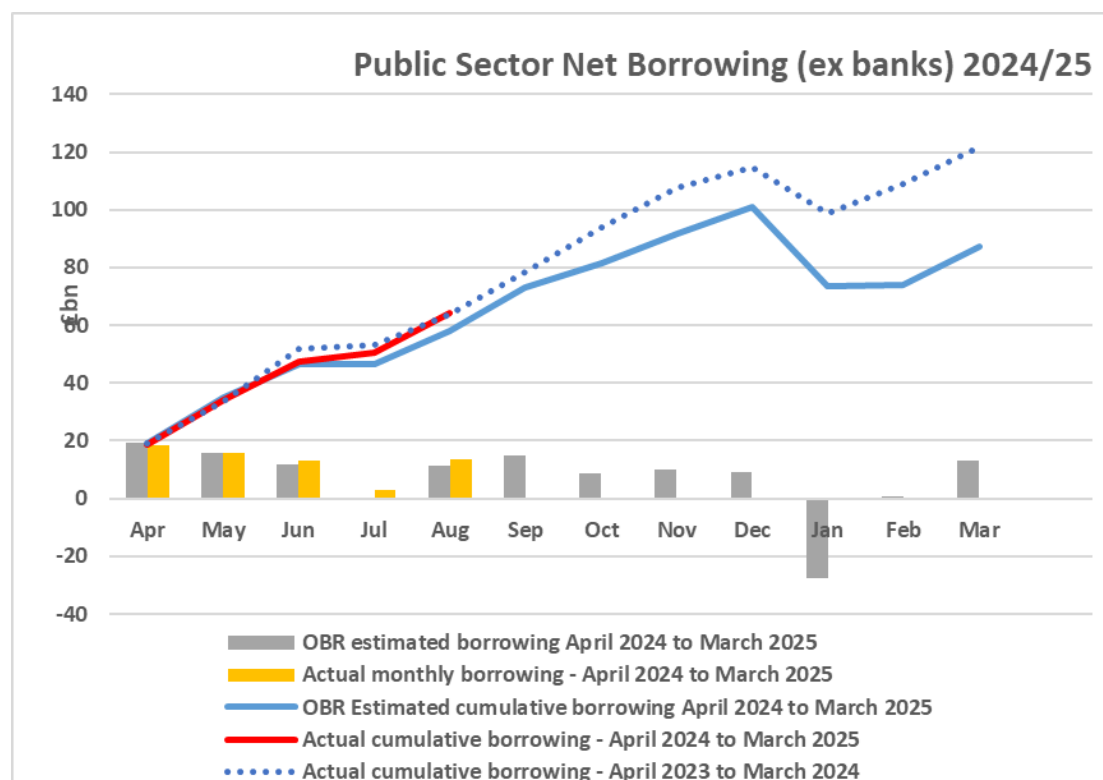


## August's Government borrowing figures

Synopsis: August borrowing numbers, which were higher than expected by the market and the OBR.

Date posted: 20.09.2024



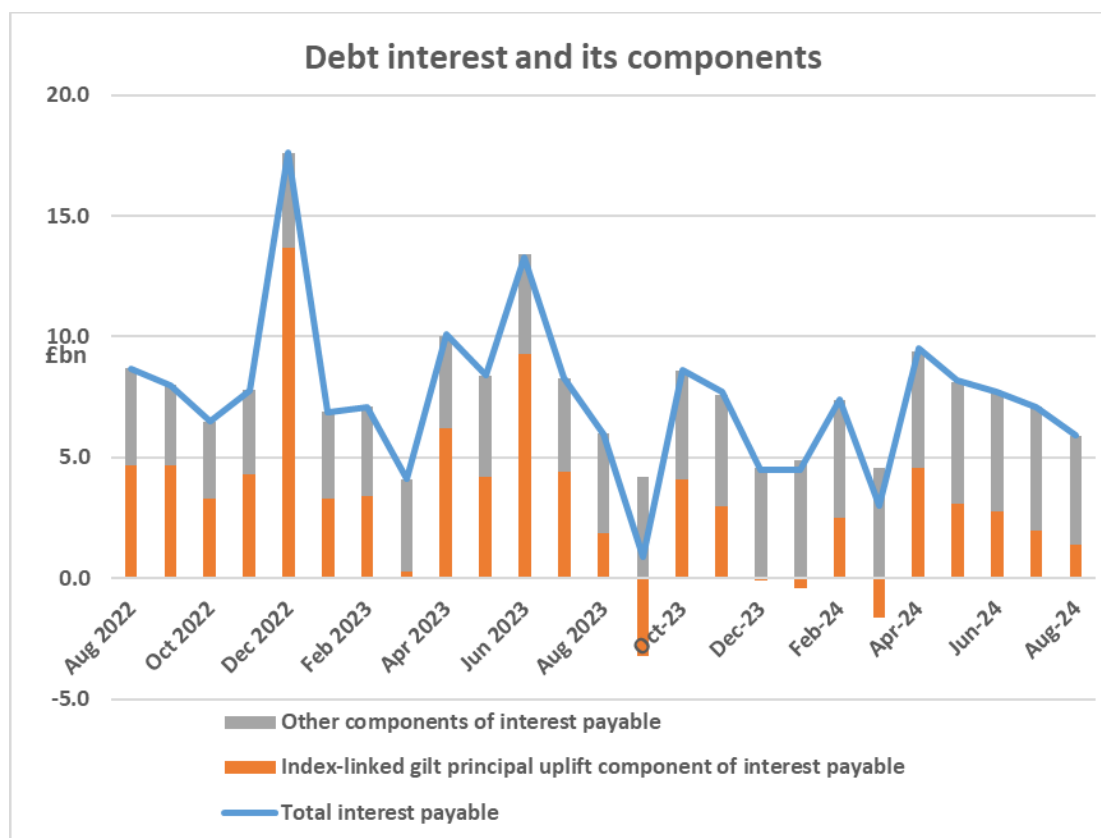
With the Autumn Budget less than six weeks away, the Office for National Statistics (ONS) has published the public sector borrowing [data](#) for August 2024, adding to Rachel Reeves’s fiscal challenges. These numbers are not what Rachel Reeves would have wanted as she contemplates her Autumn Budget: the debt/GDP ratio has now hit a significant round number – 100%.

There will be another set of figures (marking the halfway point in the fiscal year) out on 22 October. By then, the Office for Budget Responsibility (OBR) will be on round four of the five round [process](#) of developing its Economic and Fiscal Outlook.

For now, the OBR is working with the August numbers, which do not look pretty...

- The public sector net deficit ex banks (PSNB ex) in August 2024 is estimated to have been £13.7bn, meaning it was...
  - £3.3bn more than a year ago;
  - £5.9bn more than in August 2022;
  - £0.4bn less than in August 2021; but
  - £2.5bn above the OBR’s March Budget monthly profile projection,

- £1.3bn above the Reuters economists’ median forecast, and
- the third highest August borrowing figure since monthly records began in 1994 (and the highest outside the pandemic, according to the Chief Secretary to the Treasury).
- Borrowing in 2023/24 was revised up £1.4bn to £121.7bn, £7.6bn above the OBR’s forecast. The OBR’s 2024/25 forecast, issued alongside March’s Budget, is £87.2bn. Given that borrowing in the first five months has already reached £64.1bn, that implies only another £23.1bn borrowing over the next seven months. In 2023/24, the same seven months saw borrowing of £58.1bn and, as the graph shows, 2024/25 borrowing has so far closely tracked 2023/24.
- Overall public sector net debt excluding banks (PSND ex) was £2,768.0bn, equivalent to 100.0% of GDP (0.7% up on the revised July figure). A year ago, the figure was 95.7%.
- At £5.9bn, August 2024 interest payments were £1.2bn lower than July’s revised figure and mean debt interest in the first five months of 2024/25 totalled £38.4bn, down £7.7bn from the same period in 2023/24 thanks to falling inflation.



- Bank of England holdings of gilts (at redemption value) fell by £2.3bn to £588.2bn. The gap between the reserves the Bank created to purchase the gilts under QE and their redemption value was £99.5bn. This is counted as

- Government debt, as the Treasury indemnified the Bank against losses. How this is treated for fiscal targeting in the future is something that many expect to change in the Budget.

The OBR's short [statement](#) on the latest data notes...

- Borrowing in the first five months is £6.2bn above the OBR's March profile.
- Higher-than-expected borrowing continues to be driven by departmental spending, particularly consumption expenditure on goods and services which is £8.5 billion above forecast.

### **Comment**

Even though the validity of the 'black hole' of £22bn is being questioned by some economists, these latest numbers are evidence that Government finances have moved away from the projections made in March. The much-promised October pain may have just become a little more agonising.

**020 7183 3931**  
**www.riskassured.co.uk**