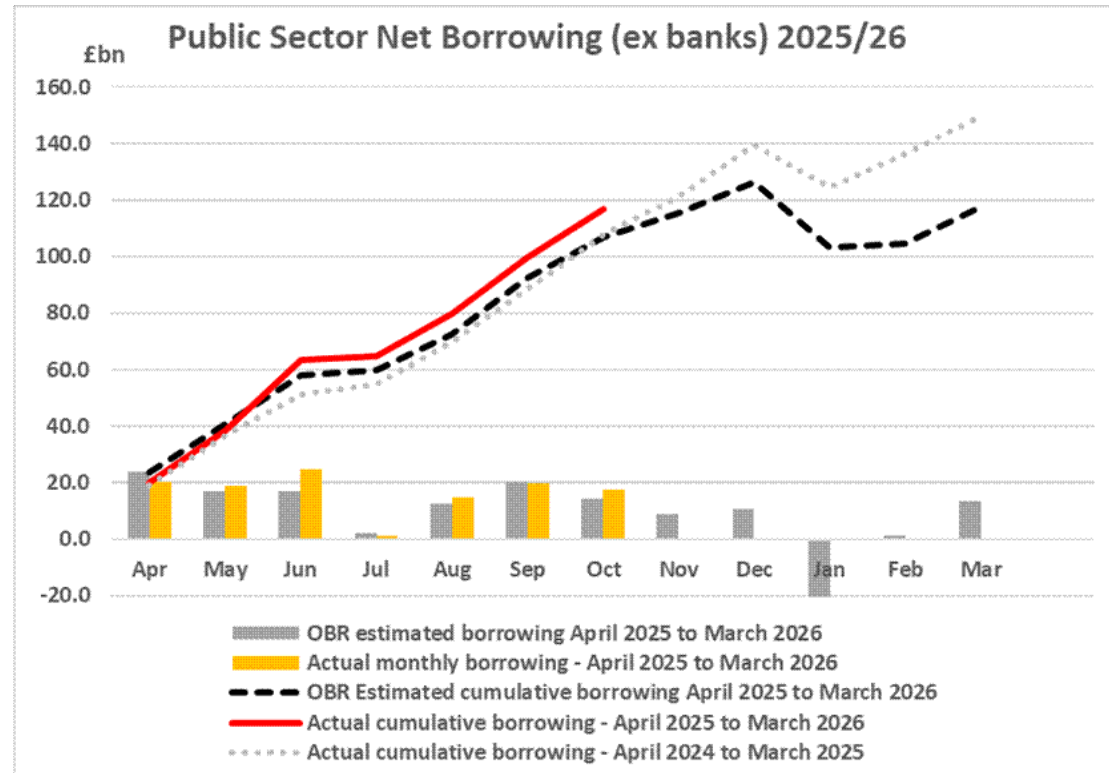


October Government borrowing

Synopsis: October's monthly deficit, which was £17.4bn, £3.0bn above the OBR's monthly forecast. The cumulative borrowing figure seven months into 2025/26 is now less than £1bn below the OBR's target for the year.

Date published: 21.11.2025



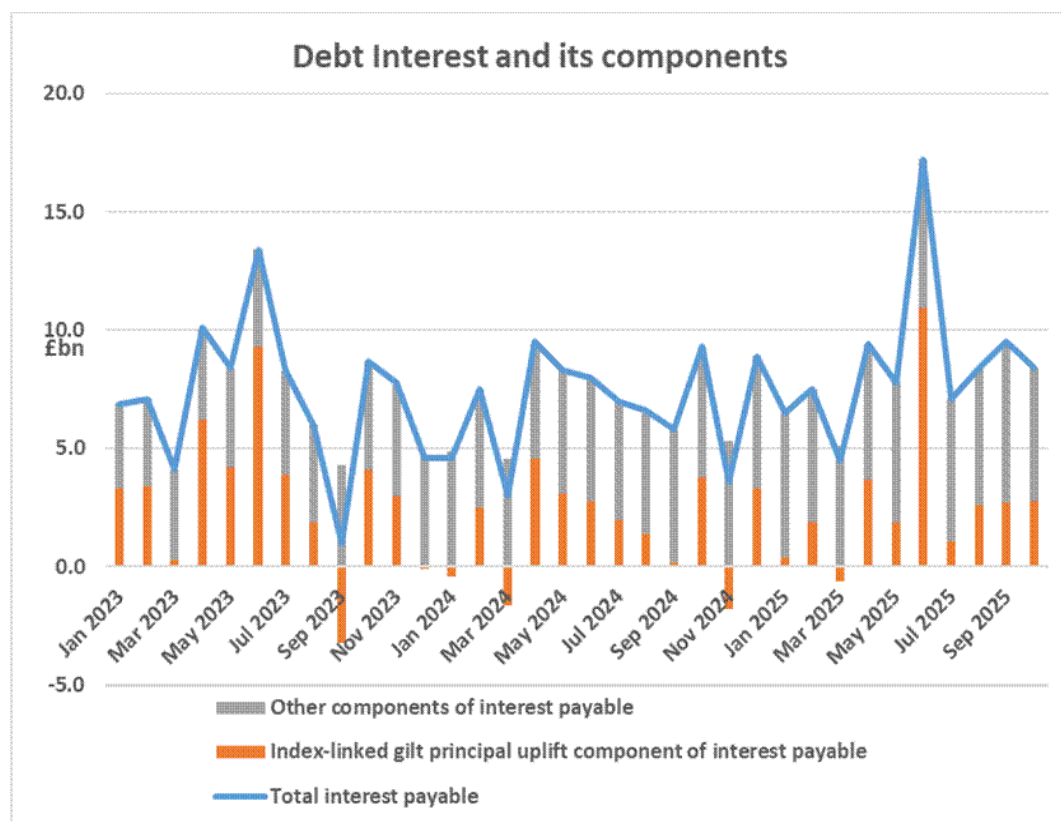
The Office for National Statistics (ONS) has published the public sector borrowing [data](#) for October 2025, seven months through 2025/26. While these figures come too late for the Office for Budget Responsibility (OBR)'s Budget work, some of the data behind them will have been available earlier in the month and will be reflected in its Economic and Financial Outlook.

For the year, public sector net borrowing (PSNB) is projected by the OBR to drop to £117.7bn from a revised £149.7bn for 2024/25.

The key points from the latest data release are...

- The public sector net deficit ex banks (PSNB ex) in October 2025 is estimated to have been £17.4bn, meaning it was...
 - £1.8bn less than a year ago;
 - £1.0bn more than in October 2023;
 - £6.3bn more than in October 2022;
 - £3.0bn more than the OBR monthly profile projection; and
 - The third-highest October borrowing (not adjusted for inflation) since monthly records began in 1993, after those of 2024 and 2020.

- Cumulative borrowing for the first seven months of 2025/26 is estimated to be £116.8bn, £9.9bn more than the OBR projection of £106.9bn and £9.0bn higher than in 2024/25. It represents the second-highest April to October borrowing since monthly records began in 1993, after that of 2020.
- The current budget deficit (borrowing for day-to-day activities), which the Chancellor's fiscal rules require to be in balance by 2029/30, was estimated to be £12.6bn for the month, £2.4bn lower than in 2024/25. Seven months into the financial year the cumulative current budget deficit is £83.9bn, £7.4bn more than in the same period of 2024/25 and £15.1bn above the OBR projection.
- Estimated borrowing in 2024/25 was revised to £149.7bn, up £0.2bn on last month's estimate and the third-highest borrowing in any financial year since records began in March 1947.
- Overall public sector net debt excluding banks (PSND ex) fell to £2,904.9bn, equivalent to 94.5% of GDP (0.6% down on the revised August figure). A year ago, the figure was 94.7%.
- At £8.4bn, October 2025 interest payments were £1.1bn below the previous month's figure and £0.9bn less than the October 2024 amount. The total interest bill for the first seven months of 2025/26 is estimated at £67.8bn, £0.1bn below the OBR projection.



- Bank of England holdings of gilts (at redemption value) were down £1.8bn £469.7bn. The gap between the reserves the Bank created to purchase the gilts under QE and their redemption value was also unchanged at £86.3bn. This is counted as government debt, as the Treasury indemnified the Bank against losses.
- Public sector net financial liabilities excluding banks (PSNFL ex banks), the Chancellor's target measure of debt, was £2,583.5bn (84.0% of GDP), £187.3bn (2.5% of GDP) deeper in the red than a year ago.

Comment

These figures do nothing to lift the gloom ahead of next week's Budget and were compounded by other ONS [data](#) showing a 1.1% monthly fall in retail sales in October. Yesterday there were suggestions from Bloomberg that in the current financial year the Debt Management Office will be forced to raise gilt sales £9bn more than originally planned (taking the total to around £308bn) because of the shortfall in public finances.

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