

## Press Release

# IFS analysis of today's public finance figures

Today the Office for National Statistics and HM Treasury published *Public Sector Finances March 2009*. We now have provisional details of central government receipts, central government spending, public sector net investment, borrowing and debt for the whole of financial year 2008–09.

Gemma Tetlow, a Senior Research Economist at the IFS, said:

“In his Budget statement later today, the Chancellor will confirm that borrowing in the 2008–09 financial year is estimated to have been £90.0bn, which is £12.4bn higher than his November 2008 Pre-Budget Report forecast. This higher-than-expected borrowing mainly reflects weak tax receipts, in particular VAT and corporation tax. In the Budget later today, we will learn how much of this extra borrowing the Chancellor thinks is purely temporary and how much he thinks is permanent and whether he has decided to implement fresh tax rises or further cuts to spending plans to deal with it.”

### Headline Comparisons

- **Central government current receipts** in 2008–09 were £492.1bn, compared to the £507.0bn forecast in the November 2008 Pre-Budget Report for 2008–09, and the £510.2bn received in 2007–08.
- **Central government current spending** in 2008–09 was £543.5bn, compared to the £546.1bn forecast in the November 2008 Pre-Budget Report for 2008–09, and the £516.1bn spent in 2007–08.
- **Public sector net investment** in 2008–09 was £37.7bn, compared to the £36.5bn forecast in the November 2008 Pre-Budget Report for 2008–09, and the £29.3bn spent on investment in 2007–08.
- Taking receipts and spending together, the **current budget deficit** in 2008–09 was £52.3bn in 2008–09, which is £11.1bn higher than the £41.2bn forecast in the November 2008 Pre-Budget Report.
- **Public sector net borrowing** totalled £90.0bn in 2008–09, which is £12.4bn higher than the £77.6bn forecast in the November 2008 Pre-Budget Report.
- Underlying **public sector net debt** at the end of March 2009 stood at 41.7% of national income, this is higher than the 41.2% forecast in November's Pre-Budget Report. Including the impact of nationalising Northern Rock and Bradford & Bingley raises headline public sector net debt to 50.9%.

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**Table 1: Central government account**

	Outturns (£bn)		PBR 2008-09	PBR overestimate 2008-09	PBR overestimate 2008-09
	2007-08	2008-09	£bn	£bn	%
<b>Current receipts</b>	510.2	492.1	507.0	14.9	2.9
<i>of which:</i>					
Income tax & capital gains tax	152.6	154.7	156.1	1.4	0.9
NI Contributions	100.4	96.4	97.7	1.3	1.3
VAT	80.6	78.4	82.6	4.2	5.0
Corporation tax	46.4	42.8	44.9	2.1	4.8
Other current receipts	130.2	119.8	125.7	5.9	4.7
<b>Current spending</b>	516.1	543.5	546.1	2.6	0.5
<i>of which:</i>					
Net social benefits	140.7	153.1	150.9	-2.2	-1.5
Debt interest	30.0	30.5	30.8	0.3	1.1
Other current spending	345.4	359.9	364.4	4.5	1.2

**Table 2: Public sector fiscal aggregates**

	Outturns (£bn)		PBR forecast 2008-09	PBR underestimate
	2007-08	2008-09	£bn	£bn
<b>Current budget deficit</b>	5.3	52.3	41.2	11.1
<b>Net investment</b>	29.3	37.7	36.5	1.2
<b>Net borrowing</b>	34.6	90.0	77.6	12.4
<b>Net debt<sup>1</sup></b>	526.8	609.1	602.0	7.1
<b>Net debt<sup>1</sup></b>	36.5% of GDP	41.7% of GDP	41.2% of GDP	0.5% of GDP

<sup>1</sup> Net debt excluding financial sector interventions.

### Further information and contacts

For further information on today's public finance release please contact:  
Gemma Tetlow on 020 7291 4800, or email [gtetlow@ifs.org.uk](mailto:gtetlow@ifs.org.uk).

IFS will hold a briefing tomorrow to present our analysis of the Chancellor's Budget. This briefing is free of charge. If you would like to attend this event, please contact our conference organiser Bonnie Brimstone ([bbrimstone@ifs.org.uk](mailto:bbrimstone@ifs.org.uk)). Slides and Robert Chote's opening remarks will be available after the event from the IFS website.

Next month's public finances release is due to be published on Thursday 21<sup>st</sup> May.

### Relevant links:

This, and previous editions of this press release, can be downloaded from <http://www.ifs.org.uk/publications/browse?type=pf>

Useful links and background information on Budget 2009 can be found at: <http://www.ifs.org.uk/projects/304>

IFS Green Budget, January 2009, containing in-depth public finance analysis, can be found at: <http://www.ifs.org.uk/publications/4417>

Office for National Statistics & HM Treasury, Public Sector Finances, March 2009: <http://www.statistics.gov.uk/pdffdir/psf0409.pdf>

Office for National Statistics press release on the classification of RBS and Lloyds Banking Group: <http://www.statistics.gov.uk/pdffdir/crbslbg0209.pdf>

HM Treasury, Pre-Budget Report 2008: [http://www.hm-treasury.gov.uk/prebud\\_pbr08\\_index.htm](http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm)

HM Treasury, Budget 2009: [http://www.hm-treasury.gov.uk/bud\\_bud09\\_index.htm](http://www.hm-treasury.gov.uk/bud_bud09_index.htm)

HM Treasury, Public Finance Statistics Index: [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/pubfinance/data\\_pubfinance\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/pubfinance/data_pubfinance_index.cfm)

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### Notes to Editors:

1. Central government current spending includes depreciation.
2. Where possible we compare figures on an accruals basis with the HM Treasury forecast.