Today the Office for National Statistics and HM Treasury published *Public Sector Finances March 2003*. We now have details of central government receipts, central government spending, public sector net investment, borrowing and debt for all twelve months of the financial year 2002–03.

**Headline Comparisons**

- **Public sector surplus on current budget** in 2002–03 was minus £13.8bn (i.e. in deficit), compared to the April 2003 Budget forecast of minus £11.7bn.

- **Public sector net borrowing** in 2002–03 was £25.2bn, compared to the £24.0bn forecast in the Budget.

- **Central government current receipts** were 1.7% up on the previous year. This is in line with the Budget forecast.

- **Central government current spending** was 8.6% up on the previous year. The Budget forecast for 2002–03 implied an increase of 8.0%.

- **Public sector net investment** was 19.6% up on the previous year. The Budget forecast for 2002–03 implied an increase of 27.4% for the year as a whole.

**Further Analysis**

**Central government current receipts** came in 4.4% higher in March 2003 than in the same month in 2002. Central government receipts over the year were in line with the Budget forecast (£371.7bn compared to £371.6bn). In March social security contributions were higher and VAT revenues lower than implied by the Budget forecast.

**Central government current spending** was 17.8% higher in March than in the same month in 2002. Central government current spending over the year was higher than forecast in the Budget (£383.6bn compared to £381.6bn). Expenditure on net social benefits came in lower than the Budget forecast (£116.6bn compared to £117.0bn) while spending on debt interest and dividends was in line with what the Budget anticipated (£20.8bn). Other current spending by central government, including spending on the delivery of public services, was 24.4% higher in March 2003 than in March 2002. This component of central government expenditure over the whole of 2002–03 was higher than Budget forecast (£246.2bn compared to £243.8bn).
In March 2003, public sector net investment was £3.6bn compared to £2.1bn in the same month in 2002. Total PSNI over the financial year 2002–03 was £11.5bn compared to the Treasury’s Budget forecast of £12.2bn.

Carl Emmerson, a programme director at the IFS, said: “Today’s figures reveal continued strong growth in current spending on public services. Government receipts were in line with the April Budget forecast. As a result the deficit on current budget in 2002–03 was slightly larger than the Treasury forecast in the Budget. Whether or not further tax increases will be required to pay for the Government’s pledged increases in spending will depend more on whether receipts recover in the medium term, as the Treasury expects, or whether growth is less strong, as, for example, forecast in the recent IFS Green Budget.”

Further information and contacts
Useful links and background information on the Budget can be found at http://www.if​s.org.uk/budgetindex.shtml.
For further information on today’s public finance release please contact: Carl Emmerson on 020 7291 4800, or email cemmerson@ifs.org.uk.

Relevant links:
Office for National Statistics & HM Treasury, Public Sector Finances, April 2003:

HM Treasury, Budget 2003:
http://www.hm-treasury.gov.uk/budget/bud_bud03/bud_bud03_index.cfm

HM Treasury, Public Finance Statistics Index:
http://www.hm-treasury.gov.uk/economic_data_and_tools/pubfinance/data_pubfinance_index.cfm

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Notes
1. Central government current spending includes depreciation.

2. Where possible we compare figures on an accruals basis with the HM Treasury forecast. However when looking at individual taxes comparisons are only possible on a cash basis since the Treasury only publishes forecasts for individual taxes in this way.