Press Release

IFS analysis of the March 2013 public finance figures


Rowena Crawford, a senior research economist at the IFS, said:

“Today’s figures provisionally show that the Government borrowed £120.6 billion in 2012–13, which is very slightly less than the Office for Budget Responsibility forecast a month ago. Chancellor George Osborne will doubtless be relieved that the effort made in the Budget to ensure borrowing fell between 2011–12 and 2012–13 appears, for now at least, to have been successful. However, a fall in borrowing of £0.3 billion is negligible and backwards revisions to data are common, so today’s figures will not be the last word on the matter.

Whether borrowing is slightly lower or slightly higher in cash terms from one year to the next is not of any direct economic importance. What is important is the bigger picture. The deficit has fallen in cash terms by almost one-quarter between 2009–10 and 2011–12. Last year saw further austerity measures being implemented, but weak economic performance has meant that the deficit was largely unchanged from its 2011–12 level. The same is also forecast to be true of the current financial year.”

**Headline Comparisons**

- **Public sector net borrowing**, excluding the impact of transfers related to the Royal Mail Pension Scheme and the Asset Purchase Facility, totalled £120.6bn in 2012–13. This is £0.3bn lower than forecast by the Office for Budget Responsibility (OBR) in their March 2013 Economic and Fiscal Outlook, and £0.3bn lower than the £120.9bn borrowed in 2011–12.

- **Public sector net investment**, excluding the impact of transfers related to the Royal Mail Pension Scheme, was £22.0bn in 2012–13 as was forecast by the OBR in March 2013.

- The **public sector current budget deficit** in 2012–13 was £98.5bn, excluding the impact of transfers related to the Asset Purchase Facility, which is £0.3bn lower than the £98.9bn forecast by the OBR in March 2011.

- Underlying **public sector net debt** at the end of March 2013 stood at 75.4% of national income, which is slightly lower than the 75.9% forecast by the OBR in March, but higher than the 71.8% of national income in March 2012. Including the impact of the financial interventions raises headline public sector net debt to 140.3%.
Further Analysis

Today’s figures show that public sector net borrowing in 2012–13 is estimated to have been £120.6bn, £0.3bn lower than was forecast by the OBR last month, and £0.3bn lower than the amount borrowed in 2011–12. However, within that central government borrowing is estimated to have been £1.5bn higher than the OBR expected last month, while local government borrowing was £0.5bn higher and borrowing by public corporations was £2.4bn lower.

The ONS figures provide some more detail of where the difference between the forecast and outturn for central government borrowing has arisen. As shown in Table 1, overall central government receipts have come in £2.2 billion below what the OBR forecast last month, but this has been partially offset by central government current (i.e. non-investment) spending being £0.8 billion lower than forecast. Investment spending has come in very close to the OBR forecast, leaving central government net borrowing £1.5 billion above what it was forecast to be.

Table 1: Comparison of forecasts and outturns for the central government account

<table>
<thead>
<tr>
<th>£ billion</th>
<th>OBR Forecast (March 2013 EFO)</th>
<th>Provisional outturn</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current receipts</td>
<td>541.2</td>
<td>539.0</td>
<td>–2.2</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>638.3</td>
<td>637.5</td>
<td>–0.8</td>
</tr>
<tr>
<td>Current budget deficit</td>
<td>97.1</td>
<td>98.5</td>
<td>+1.4</td>
</tr>
<tr>
<td>Net investment</td>
<td>24.7</td>
<td>24.9</td>
<td>+0.2</td>
</tr>
<tr>
<td>Net borrowing</td>
<td>121.8</td>
<td>123.3</td>
<td>+1.5</td>
</tr>
</tbody>
</table>

Notes: Figures exclude the impact of transfers related to the Royal Mail Pension Scheme and the Asset Purchase Facility. Figures may not sum due to rounding.

Further information and contacts

For further information on today’s public finance release please contact: Rowena Crawford or Carl Emmerson on 020 7291 4800, or email rowena_c@ifs.org.uk or carl_emmerson@ifs.org.uk.

Next month’s public finances release is due to be published on Wednesday 22nd May.

Relevant links:

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


IFS analysis of Budget 2013 can be found at: http://www.ifs.org.uk/projects/415

HM Treasury Budget 2013: http://www.hm-treasury.gov.uk/budget2013.htm


ENDS

Notes to Editors:

1. Central government current spending includes depreciation.
2. Where possible we compare figures on an accruals basis with the Office for Budget Responsibility forecast.