Press Release

IFS analysis of the March 2014 public finance figures

Today the Office for National Statistics and HM Treasury published Public Sector Finances March 2014. 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 2013–14.

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

“Today’s figures provisionally show that the government borrowed £107.7 billion in 2013–14, which is essentially what the Office for Budget Responsibility forecast a month ago. However, the borrowing by central government was actually £1.9 billion higher than the OBR forecast, with disappointing receipts and higher than expected investment spending only being partially offset by lower than forecast non-investment spending. It is only as a result of local government running higher than anticipated surpluses that overall public sector borrowing was in line with the forecast.”

Headline Comparisons

- **Public sector net borrowing**, excluding the impact of transfers related to the Asset Purchase Facility, totalled £107.7bn in 2013–14. This is essentially as was forecast by the Office for Budget Responsibility (OBR) in their March 2014 Economic and Fiscal Outlook (£107.8bn), and is £7.5bn lower than the £115.1bn borrowed in 2012–13.

- **Public sector net investment** was £24.9bn in 2013-14, which was £0.8bn higher than was forecast by the OBR in March 2014.

- The **public sector current budget deficit** in 2013–14 was £82.8bn, excluding the impact of transfers related to the Asset Purchase Facility, which is £0.9bn lower than the £83.7bn forecast by the OBR in March 2014.

- Underlying public sector net debt at the end of March 2014 stood at 75.8% of national income, which is higher than the 74.5% forecast by the OBR in March, and the 74.2% of national income in March 2013. Including the impact of the financial interventions raises headline public sector net debt to 132.4%.

Further Analysis

Today’s figures show that public sector net borrowing in 2013–14 is estimated to have been £107.7bn, essentially as was forecast by the OBR last month, and £7.5bn lower than the amount borrowed in 2012–13. However, within that, central government borrowing is estimated to have been £1.9bn higher than the OBR expected last month, while local government borrowing was £1.8bn lower and borrowing by public corporations was £0.1bn lower.
The ONS figures provide some more detail on 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 £3.0bn below what the OBR forecast last month, but this has been partially offset by central government current (i.e. non-investment) spending being £2.0bn lower than forecast. Investment spending has come in £0.8bn higher than the OBR forecast, leaving central government net borrowing £1.9 billion above what it was forecast to be.

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

<table>
<thead>
<tr>
<th></th>
<th>OBR Forecast (March 2014 EFO)</th>
<th>Provisional outturn</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current receipts</td>
<td>565.0</td>
<td>562.0</td>
<td>-3.0</td>
</tr>
<tr>
<td>Current expenditure</td>
<td>650.5</td>
<td>648.5</td>
<td>-2.0</td>
</tr>
<tr>
<td><strong>Current budget deficit</strong></td>
<td><strong>86.5</strong></td>
<td><strong>85.4</strong></td>
<td>+1.1</td>
</tr>
<tr>
<td>Net investment</td>
<td>26.6</td>
<td>27.4</td>
<td>+0.8</td>
</tr>
<tr>
<td><strong>Net borrowing</strong></td>
<td><strong>112.0</strong></td>
<td><strong>113.9</strong></td>
<td>+1.9</td>
</tr>
</tbody>
</table>

Notes: Figures exclude the impact of transfers related to 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 Gemma Tetlow on 020 7291 4800, or email rowena.c@ifs.org.uk or g.tetlow@ifs.org.uk.

Next month’s public finances release is due to be published on Thursday 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 2014: http://www.ifs.org.uk/projects/426


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.