Press Release

IFS analysis of today’s public finance figures

Today the Office for National Statistics and HM Treasury published Public Sector Finances September 2010. We now have details of central government receipts, central government spending, public sector net investment, borrowing and debt for the first half of financial year 2010–11.

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

“Ahead of today’s Spending Review announcements, the latest official figures suggest that government borrowing is broadly on course to meet the Office for Budget Responsibility’s June forecast of £149 billion for the financial year as a whole. Though central government spending continues to grow slightly more quickly than forecast for the year as a whole, tax revenues also continue to come in more strongly. This would still be the second highest level of borrowing since the end of the Second World War – surpassed only by the level of borrowing last year.”

Headline Comparisons

- **Central government current receipts** in September were 7.8% higher than in the same month last year. Receipts between April and September 2010 were 9.3% higher than in the same months of 2009. The June 2010 Budget implied that central government current receipts for the whole of 2010–11 would be 6.7% higher than 2009–10 levels.

- **Central government current spending** in September was 10.0% higher than in the same month last year. Spending between April and September 2010 was 6.7% higher than in the same months of 2009. The June 2010 Budget implied that central government current spending for the whole of 2010–11 would be 5.6% above 2009–10 levels.

- **Public sector net investment** in September was £3.0bn compared to £3.7bn in the same month last year. Together, public sector net investment between April and September 2010 has been £15.4bn, which is 2.0% higher than in the same five months of 2009. The June Budget predicted that net investment in 2010–11 would be £38.9bn, which is 14% below last year’s level.

Further Analysis

We should be cautious of inferring or extrapolating likely outcomes over the financial year as a whole from information on only the first half, particularly as some factors are likely to affect the profile of receipts and spending differently in 2010–11 than in 2009–10. However, bearing this in mind, the figures for receipts and spending in September 2010 show:

**Central government current receipts**
Receipts from Income Tax, Capital Gains Tax and National Insurance Contributions for September 2010 were 2.8% higher than in the same month last year. Together, the receipts for these taxes during the first half of 2010–11 were 5.1% higher than those for the first half of 2009–10. The June Budget forecasts imply that these taxes’ receipts will increase by 3.6% over the whole of 2010–11.

VAT receipts in September 2010 were 1.5% higher than the same month last year. Together, the VAT receipts during the first half of 2010–11 were 22.7% higher than those for the first half of 2009–10. The June Budget forecast implies that VAT receipts will increase by 15.0% over the whole of 2010–11.

Corporation Tax receipts for September 2010 were 23.1% higher than the same month last year. However, only a small fraction of annual payments of Corporation Tax are received in September. Corporation Tax receipts between April and September 2010 were 27.8% higher than in the same months of 2009. The June Budget forecast implies that Corporation Tax receipts will increase by 18.7% over the whole of 2010–11.

**Central government current spending**

Expenditure on net social benefits was 5.6% higher in September 2010 than in September 2009. Expenditure between April and September 2010 was 3.4% higher than in the same months of 2009. The June Budget forecast implies that central government net social benefit expenditure will grow by 3.1% over 2010–11.

Spending on debt interest was £2.3bn in September 2010, £1.4bn higher than in September 2009. Total spending on debt interest between April and September 2010 was £21.6bn. The June Budget forecast that total debt interest spending by central government in 2010–11 would be £43.3bn.

Other current spending by central government, including spending on the delivery of public services, was 7.8% higher in September 2010 than in September 2009. Expenditure between April and September 2010 was 3.6% higher than in the same months of 2009. The June Budget forecast implies that this component of spending will grow by 3.9% over the year as a whole.

In September 2010, public sector net investment was £3.0bn compared to £3.7bn in the same month in 2009. So far in 2010–11, a total of £15.4bn has been spent on public sector net investment, compared to the £15.1bn that had been spent by the same point in 2009–10. The June Budget predicted that net investment in 2010–11 would be £38.9bn, which is 14% below last year’s level.

**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 gtetlow@ifs.org.uk.

Next month’s public finances release is due to be published on Thursday 18th November.

**Relevant links:**

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


Useful links and analysis of the June Budget 2010 can be found at: http://www.ifs.org.uk/projects/330

Useful links and analysis of Spending Review 2010 can be found at: http://www.ifs.org.uk/projects/346


IFS Green Budget, February 2010, containing in-depth public finance analysis, can be found at: http://www.ifs.org.uk/publications/4732

ENDS

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.