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UK Borrowing Exceeds Forecast in April

ONS says the government borrowed £24.3 billion, driven by higher spending and debt interest costs

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The Office for National Statistics said on Friday that the United Kingdom borrowed £24.3 billion in April, up £4.9 billion, or 25.1%, from the same month a year earlier and above the £20.9 billion forecast by the Office for Budget Responsibility.

The figures, which are the first estimates for April and second estimates for the financial year that ended in March, showed that borrowing for the year was provisionally estimated at £129.0 billion. That was £22.8 billion, or 15.0%, lower than in the previous financial year and £3.7 billion below the OBR's March forecast of £132.7 billion.

The ONS said borrowing in the year to March amounted to 4.2% of gross domestic product, down 1.0 percentage point from the prior year and the lowest share since the year ending March 2020. The agency also revised its initial estimate for that annual borrowing figure down by £3.0 billion from a month earlier, citing routine updates to central government data.

In April alone, the current budget deficit, which measures borrowing to cover day-to-day public spending, was £17.4 billion, up £3.4 billion from April 2025 and above the OBR's estimate of £14.8 billion.

Central government accounted for most of the April borrowing, taking in £85.5 billion in receipts while spending £101.1 billion on current operations and another £13.9 billion on net investment. Central government borrowing reached £33.3 billion in the month, compared with £26.8 billion a year earlier.

Tax receipts rose modestly in April, with central government tax income up £1.8 billion to £64.2 billion. Income tax receipts increased by £0.9 billion, corporation tax by £0.2 billion and value-added tax by £0.2 billion. Compulsory social contributions rose by £0.3 billion to £15.4 billion.

Spending rose faster than income. The ONS said central government current expenditure increased by £6.2 billion from a year earlier, driven by higher social benefits, higher departmental spending on goods and services and higher debt interest costs. Net social benefits paid by central government rose by £2.7 billion to £29.5 billion, while departmental spending on goods and services increased by £1.7 billion to £38.8 billion.

Debt interest remained a major source of volatility in the monthly figures. Central government debt interest payable reached £10.3 billion in April, the highest for any April on record, according to the ONS. The agency said capital uplift linked to inflation added £2.9 billion to that bill, reflecting movements in the Retail Prices Index between January and February.

The ONS said public sector net debt excluding public sector banks stood at 94.2% of GDP at the end of April, up 0.5 percentage points from a year earlier and still near levels last seen in the early 1960s.

The release also included a caution for users of alcohol duty data, including wine and cider receipts, which matter for beverage market analysis as well as fiscal reporting. The ONS said HM Revenue and Customs has been subjecting duties paid on wine and cider since April 2023 to an assurance review, meaning comparisons with earlier periods should be treated carefully until that work is complete.

For the full financial year to March 2026, central government receipts were estimated at £1,122.8 billion, up 8.5% from a year earlier, helped by stronger tax receipts and higher compulsory social contributions after changes to employer National Insurance contributions took effect on April 6, 2025.

Central government current expenditure over the same period was estimated at £1,093.9 billion, up 6.2% from the previous year, while interest payable on central government debt rose to £97.6 billion.

The ONS said public sector net borrowing for the year was the sixth-highest annual total since records began in 1947, though it remained below the OBR’s forecast because spending came in lower than expected even as receipts fell slightly short of projections.

The figures are provisional and will be revised as more complete data become available over coming months.