

Statistical bulletin

# UK government debt and deficit: September 2020

Quarterly estimates of UK government debt and deficit, given to the European Commission under the excessive deficit procedure protocol, as part of the Maastricht Treaty.



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# 1 . Main points

- General government gross debt was £1,876.8 billion at the end of the financial year ending (FYE) 2020, equivalent to 84.6% of gross domestic product (GDP) and 24.6 percentage points above the reference value of 60.0% set out in the protocol on the excessive deficit procedure.
- General government gross debt first exceeded the 60.0% Maastricht reference value at the end of FYE 2010, when it was 69.0% of GDP.
- General government deficit (or net borrowing) was £63.3 billion at the end of FYE 2020, equivalent to 2.9% of GDP and 0.1 percentage points below the reference value of 3.0% set out in the protocol on the excessive deficit procedure.
- This is the fourth consecutive financial year in which general government deficit has been below the 3.0% Maastricht reference value.
- The general government data presented in this bulletin includes only the debt and deficit of central and local government bodies; the public sector finances' measures also include the debt and deficit of other public sector bodies, including public non-financial corporations and the Bank of England.
- The general government gross debt and deficit figures published in this statistical bulletin (for the time period 1997 onwards) are fully consistent with those published in the [Public sector finances, UK: November 2020 statistical bulletin](#), published on 22 December 2020.

## 2 . Debt

Table 1: General government gross debt, UK, financial year ending March 2013 to financial year ending March 2020<sup>1</sup>

£ billion

Financial year <sup>1</sup> ending March <sup>2</sup>	2013	2014	2015	2016	2017	2018	2019	2020
Debt <sup>3</sup>	1,424.2	1,520.9	1,602.6	1,650.9	1,719.6	1,763.4	1,820.9	1,876.8
as % GDP	82.6	84.2	85.5	85.2	85.3	84.7	84.1	84.6

Source: Office for National Statistics - UK government debt and deficit

Notes

1. Financial year represents the period of April to March.
2. Debt is recorded as at the end of March of each financial year.
3. Consolidated and at nominal values.
4. Unless otherwise stated.

Table 2: General government gross debt, UK, calendar years 2012 to 2019<sup>1</sup>

£ billion

Calendar Years <sup>2</sup>	2012	2013	2014	2015	2016	2017	2018	2019
Debt <sup>3</sup>	1,423.5	1,498.3	1,603.3	1,664.7	1,730.9	1,785.6	1,837.1	1,891.1
as % GDP	83.2	84.2	86.1	86.7	86.8	86.3	85.8	85.4

Source: Office for National Statistics - UK government debt and deficit

#### Notes

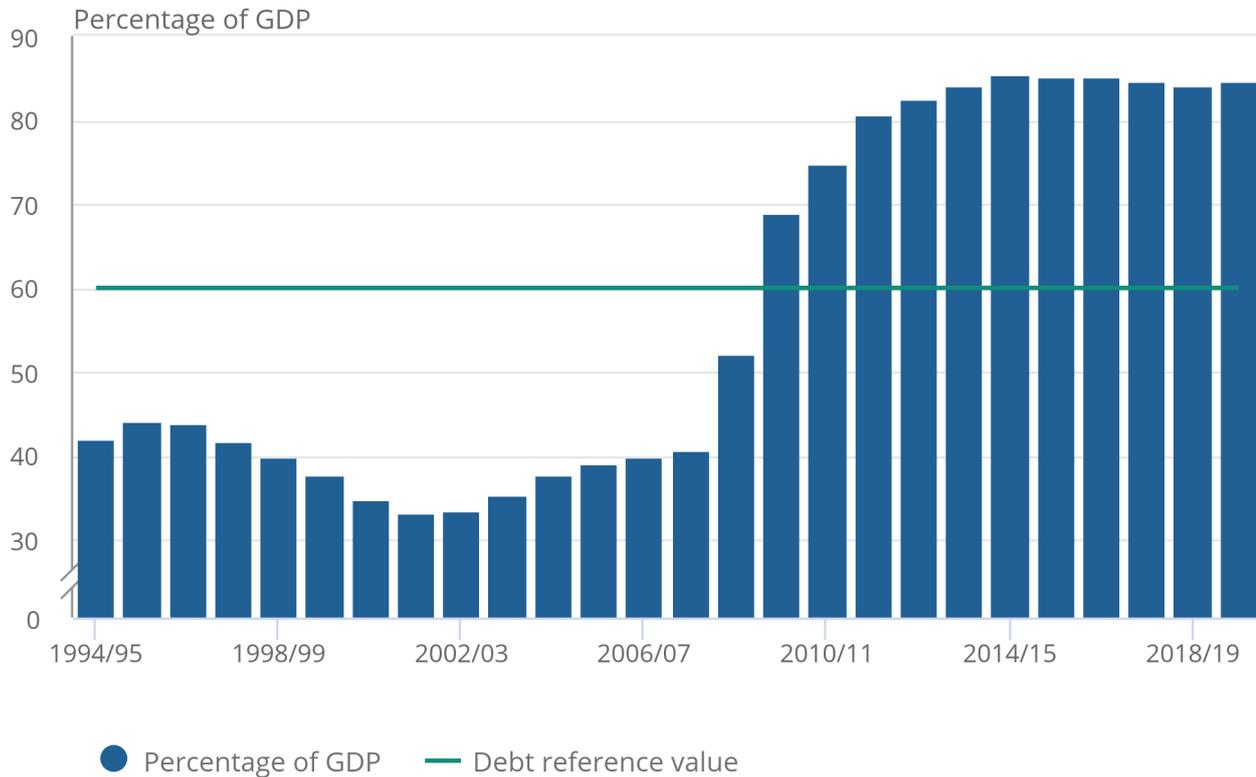
1. Calendar year represents the period of January to December.
2. Debt is recorded as at the end of December of each calendar year.
3. Consolidated and at nominal values.
4. Unless otherwise stated.

**Figure 1: General government gross debt has been above the 60% of GDP reference value since the financial year ending 2010**

General government gross debt as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020

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General government gross debt as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020



Source: Office for National Statistics – UK government debt and deficit

Notes:

1. GDP – gross domestic product.
2. Deficit to GDP ratio reference value is 60%.
3. The ratio is recorded as at the end of March of each financial year.

### 3 . Deficit

Table 3: General government deficit, UK, financial year ending March 2013 to financial year ending March 2020

£ billion<sup>2</sup>

<b>Financial Year ending March<sup>1</sup></b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Deficit	126.5	103.4	94.1	82.9	54.8	55.7	40.7	63.3
as % GDP	7.3	5.7	5.0	4.3	2.7	2.7	1.9	2.9

Source: Office for National Statistics - UK government debt and deficit

Notes

1. Financial year represents the period of April to March.
2. Unless otherwise stated.

Table 4: General government deficit, UK, calendar years 2012 to 2019<sup>1</sup>

£ billion<sup>2</sup>

<b>Calendar Years<sup>1</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Deficit	139.2	98.0	103.1	87.3	65.4	50.1	47.9	51.4
as % GDP	8.1	5.5	5.5	4.5	3.3	2.4	2.2	2.3

Source: Office for National Statistics - UK government debt and deficit

Notes

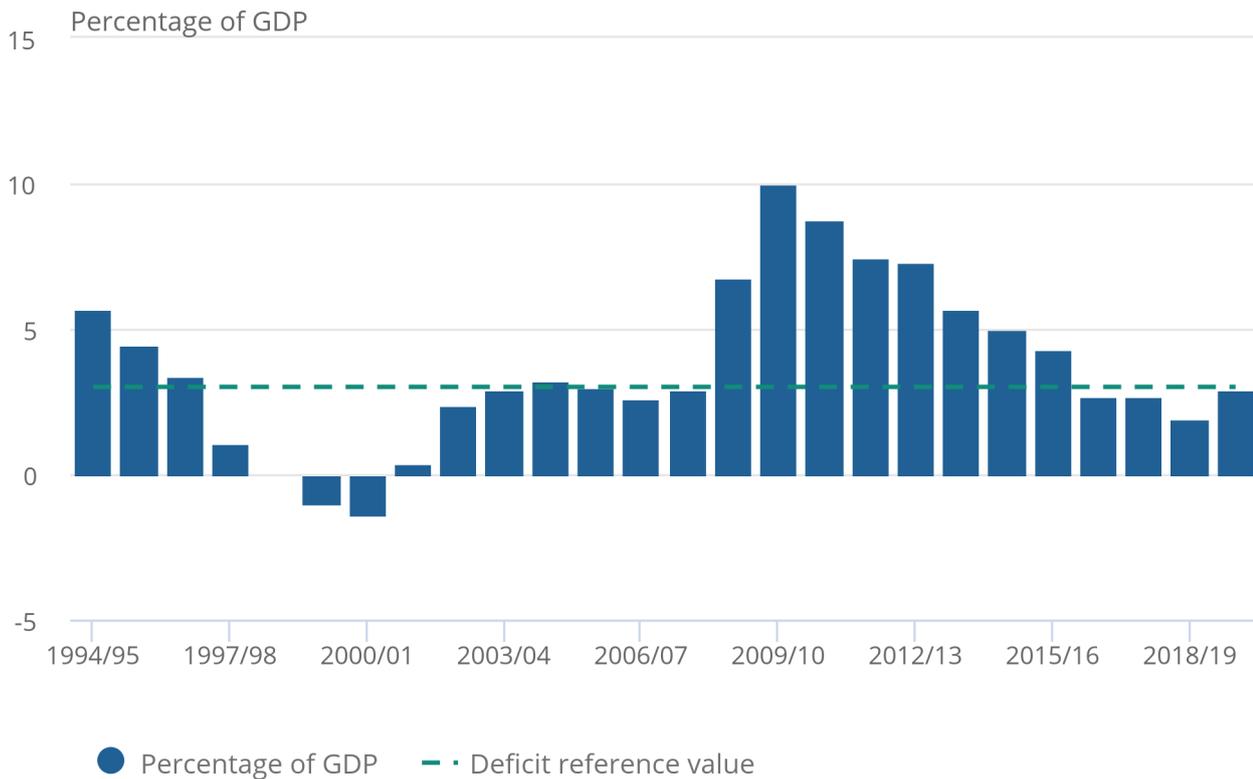
1. Calendar year represents the period of January to December.
2. Unless otherwise stated.

**Figure 2: For the first time since the financial year ending 2004, general government deficit has been below 3% of GDP for four consecutive years**

General government deficit (net borrowing) as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020

Figure 2: For the first time since the financial year ending 2004, general government deficit has been below 3% of GDP for four consecutive years

General government deficit (net borrowing) as a percentage of gross domestic product (GDP), UK, financial year ending 1995 to financial year ending 2020



Source: Office for National Statistics – UK government debt and deficit

Notes:

1. GDP – gross domestic product.
2. Deficit to GDP ratio reference value is 3%.

## 4 . UK government debt and deficit data

### [Government deficit and debt return](#)

Dataset | Released 21 January 2021

Summary, reconciliation, and revisions information on UK government deficit and debt figures by calendar and financial year since the last publication.

### [General government main aggregates: ESA Table 2](#)

Dataset | Released 21 January 2021

Breakdown of general government expenditure (both current and capital) and general government revenue.

### [General government quarterly non-financial accounts: ESA Table 25](#)

Dataset | Released 21 January 2021

Breakdown of general government expenditure (both current and capital) and general government revenue.

### [General government quarterly financial accounts: ESA Table 27](#)

Dataset | Released 21 January 2021

Complete set of quarterly financial accounts of the general government sector and its sub-sectors, compiled according to the ESA.

### [General government quarterly debt \(Maastricht debt\): ESA Table 28](#)

Dataset | Released 21 January 2021

Summary of government debt on a quarterly basis, for general government and its sub-sectors.

## 5 . Glossary

### General government

UK general government consists of two sub-sectors: central government and local government.

### Debt

Debt represents the cumulative amount the general government sector owes to organisations in other UK sectors and overseas institutions, which is largely a result of government financial liabilities on the bonds (gilts) and Treasury bills it has issued.

### Deficit

Deficit (or net borrowing) measures the gap between total revenue and total spending. A positive value indicates borrowing while a negative value indicates a surplus.

## 6 . Measuring the data

The UK Government debt and deficit statistical bulletin is published quarterly in January, April, July and October each year. This is to coincide with when the UK and EU member states are required to report on their deficit (or net borrowing) and debt to the European Commission.

## End of EU Exit Transition period

As the transition period ends and the UK enters into a new Trade and Co-operation Agreement with the EU, the UK statistical system will continue to produce and publish our wide range of economic and social statistics and analysis.

The data presented in this bulletin are fully consistent with each of the 27 EU member states' latest transmission of government deficit (or net borrowing) and debt to the European Commission. The UK are no longer required to make these data transmissions and so in the coming months we will reflect on the need to publish this release in its current form.

We are committed to continued alignment with the highest international statistical standards, enabling comparability both over time and internationally, and ensuring the general public, statistical users and decision-makers have the data they need to be informed.

This means that our statistics, and our sector classifications process, will continue to draw on the [European System of Accounts \(ESA\) 2010](#) and the [Manual on Government Deficit and Debt](#), and associated guides following the end of the transition period. We also intend to continue to produce the main fiscal aggregates that we have previously provided to Eurostat as part of the Excessive Deficit Procedure (EDP) process.

As the shape of the UK's future statistical relationship with the EU becomes clearer over the coming period, the Office for National Statistics (ONS) is making preparations to assume responsibilities that as part of our membership of the EU, and during the transition period, were delegated to the statistical office of the EU, Eurostat. This includes:

- responsibilities relating to international comparability of economic statistics
- deciding what international statistical guidance to apply in the UK context
- providing further scrutiny of our statistics and sector classification decisions

In applying international statistical standards and best practice to UK economic statistics, we will draw on the technical advice of experts in the UK and internationally, and our work will be underpinned by the UK's well-established and robust framework for independent official statistics, set out in the Statistics and Registration Service Act 2007. Further information on our proposals will be made available in early 2021.

## Effects of the coronavirus (COVID-19) pandemic recorded in this bulletin

The [Coronavirus Job Retention Scheme \(CJRS\)](#) is designed to help employers pay the wages and salaries to those employees who would otherwise lose their jobs because of the pandemic. Introduced in March 2020, the provisional recording of the CJRS increased subsidies paid by central government by an estimated £41.8 billion between March and September 2020 and so increased the deficit in that period by a corresponding amount.

The [Self-Employment Income Support Scheme \(SEISS\)](#) is designed to subsidise the wages of self-employed individuals who would otherwise lose their businesses as a result of the pandemic. The provisional recording of SEISS increased subsidies paid by central government by an estimated £13.2 billion between April and September 2020 and so increased the deficit in that period by a corresponding amount.

[Transport for London \(TfL\) extraordinary funding and financing](#) – in May 2020 we recorded the package of grants and loans made by central government to TfL. These grants increased subsidies paid by central government by £1.0 billion between April and September 2020.

The [COVID-19 Corporate Financing Facility Fund \(CCFF\)](#) is a scheme under which the Bank of England, acting for HM Treasury, buys commercial paper issued by larger, non-financial corporations, to help with their cashflow position. These purchases are financed by a loan to central government from the Bank of England. At the end of September 2020, the CCFF had increased central government debt by £15.7 billion, an amount equal to the loan. Additionally, there is a small reduction in central government deficit (net borrowing) of the order of £18 million each quarter because of the interest accrued on the commercial paper.

Central government current grants paid to local government increased in the first two quarters of 2020, primarily because of additional payments to assist with addressing the pandemic made in late March 2020. These grants have enabled local authorities to pay additional subsidies, the most significant being to support small businesses. Our time of recording for the subsidies is provisional, and our estimates may be revised over time.

On 15 July 2020, the government launched its Eat Out to Help Out scheme, which offered a discount to diners. Running between 3 and 31 August 2020, [restaurants were able to claim back this discount from HMRC](#). The provisional recording of this scheme increased subsidies paid by central government by an estimated £0.5 billion in August 2020.

The government has launched a support package for the UK's air navigation service providers because of falling air passenger numbers resulting from the pandemic. These payments are intended to maintain services including repatriation and cargo flights. The provisional recording of this scheme increased subsidies paid by central government by £0.1 billion between April and September 2020.

## Annual and bi-annual data updates

In September 2019, [we changed the way in which we record student loans in the public sector finance statistics](#). Data underlying this recording are generally available annually, as new outturn and forecasts become available. Having updated our previous estimates in September 2020, we noted that further updates outside of the annual cycle may occur. We have updated our estimates to reflect the latest available source data for the financial years ending March 2019 and March 2020.

## Revisions since previous publication

This is the third time that debt and deficit figures for the financial year ending (FYE) 2020 have been reported in this statistical bulletin series. It is the fourth time that debt and deficit figures for the full calendar year ending 2019 have been reported.

The revisions between releases are primarily the result of improved departmental (and other government bodies) data replacing previous estimates.

The [Government deficit and debt return table](#) presents the revisions to our main aggregates since the last publication of the government debt and deficit return, as reported to the European Commission in December 2020. These revisions are consistent with revisions incorporated within the [Public sector finances statistical bulletin](#).

The [public sector finances revisions policy](#) provides information on when users of the statistics published in the [Public sector finances](#) and [UK government debt and deficit](#) statistical bulletins should expect to see methodological and data-related revisions.

## 7 . Strengths and limitations

The [public sector finances methodological guide](#) provides comprehensive contextual and methodological information concerning the monthly [Public sector finances statistical bulletin](#) and related publications, including this release.

The guide sets out the conceptual and fiscal policy context, identifies the main fiscal measures, and explains how these are derived and interrelated. Additionally, it details the data sources.

Information on strengths, limitations, appropriate uses, and how the data were created is available in the [Public sector finances QMI](#).

### Comparability with monthly public sector finances

The general government debt and deficit figures published in this statistical bulletin (for the time period 1997 onwards) are fully consistent with those published in the [Public sector finances, UK: November 2020 statistical bulletin](#), published on 22 December 2020.

There are two main differences between the headline debt and deficit measures published in the public sector finances and those published in this bulletin.

Firstly, this bulletin includes only the debt and deficit of central and local government bodies. The public sector finances' measures also include the debt and deficit of other public sector bodies, including public non-financial corporations and the Bank of England.

Secondly, this bulletin reports gross debt, while the focus of the public sector finances is net debt. Gross debt represents only the financial liabilities (debt securities, loans and deposits) of central and local government, while net debt deducts any liquid assets (official reserve assets and other cash or cash-like assets) from these financial liabilities.

### Comparability with EU member states

This release is fully consistent with the latest data transmission on UK government deficit (or net borrowing) and debt that the UK and each of the 27 EU member states are required to report quarterly to the European Commission.

During the transition period, with the UK no longer an EU member state, those UK statistics that aligned with EU practice and rules continued to be done so in the same way as before 31 January 2020.

[Article 126 of the Treaty on the Functioning of the EU](#) obliges member states to avoid excessive budgetary deficits.

The protocol on the excessive deficit procedure, annexed to the Maastricht Treaty, defines two criteria and reference values with which member states' governments should comply. These are: a deficit (or net borrowing) to gross domestic product (GDP) ratio of 3% and a debt to GDP ratio of 60%

The UK debt and deficit figures in this statistical bulletin will be [published by Eurostat on 21 January 2021](#) in context with each of the 27 EU member states.

According to [published figures](#) (22 October 2020), there were 15 member states in addition to the UK that had a gross debt that exceeded the 60% of GDP reference value at the end of June 2020.

The average gross debt as a percentage of GDP across all 27 member states at the end of June 2020 was 87.8%, exceeding the 60% of GDP reference value by 27.8 percentage points.

## 8 . Related links

### [Public sector finances, UK: November 2020](#)

Bulletin | Released 22 December 2020

How the relationship between UK public sector monthly income and expenditure leads to changes in deficit and debt.

### [Public sector finances borrowing by sub-sector](#)

Dataset | Released 22 December 2020

Public sector finances analytical tables (PSAT) showing transactions related to borrowing by sub-sector. Total Managed Expenditure (TME) is also provided.

### [The debt and deficit of the UK public sector explained](#)

Article | Released 16 March 2016

A detailed explanation of the debt and deficit of the UK public sector.

### [Looking ahead – developments in public sector finance statistics: 2019](#)

Bulletin | Released 31 May 2019

Outlines what the Office for National Statistics (ONS) sees as areas for future development in the public sector finances.