# UK government borrowing exceeds forecasts by £1.2 billion in April 2024



In April 2024, UK government borrowing reached £20.5 billion, exceeding forecasts by £1.2 billion, according to the Office for National Statistics (ONS). Chancellor Jeremy Hunt's plans for pre-election tax cuts face challenges due to this budget deficit, which was £1.5 billion higher than April 2023. Falling National Insurance contributions contributed significantly to the deficit. The Office for Budget Responsibility (OBR) had predicted a lower borrowing figure of £19.3 billion.

The deficit increase is also attributed to higher government spending, notably on benefits and debt servicing. Government debt payments in April totaled £8.6 billion, the highest in 10 months. The nation's overall debt reached £2.69 trillion, or 97.9% of Gross Domestic Product (GDP), the highest level since the early 1960s.

The International Monetary Fund (IMF) has also cautioned the Government about a looming £30 billion fiscal gap, suggesting difficulties in stabilizing public debt due to pressures on public services and necessary investments. The IMF advised against further tax cuts before the election.

Budget analysts project that high spending demands will continue, limiting Hunt's capacity for tax reductions without breaching fiscal rules on debt. Despite these constraints, Hunt has signaled a potential further reduction in National Insurance contributions if financial conditions permit.