

Calls for Rishi Sunak to 'go big' on cost of living support as borrowing costs falls

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Pressure rose on [Rishi Sunak](#) to "go big" with a support package for the cost-of-living crisis today, when the latest [figures](#) showed [government](#) finances in much better shape than expected.

The government borrowed £18.6 billion in April, notably lower than City forecasts and there were revisions downwards to figures from last year as tax receipts came in higher than thought.

The [Office for Budget Responsibility](#) predicts the [Chancellor](#) will need to borrow £99 billion this year. Today's figures suggest he will undershoot that forecast by some way.


Simon French at Panmure Gordon said: "Borrowing of £18.6 billion in April was almost a quarter lower than the same month last year. This will encourage the Treasury that a growing economy and strong labour market can do the hard work in reducing the deficit. The Chancellor is facing a huge number of calls to spend more this year so he will need this good news to keep coming."

Paul Dales at Capital Economics said the figures "will only add to the pressure on the Chancellor to go big when finalising the imminent support package for households".

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Debt interest payments of £4.4 billion were also far lower than expected, giving Sunak both political and fiscal cover for a support package.

The April figures were boosted by the controversial increase in National Insurance payments, something the Chancellor has been asked to reverse by some.

Sunak said: “While we are doing what we can to help families deal with rising prices, inflation is also pushing up our spending on debt interest – which is expected to reach £83 billion this year. We must take a balanced and responsible approach to support people now, while also not burdening future generations, and we’re on track to drive public debt down by 2024-25.”

The end of free Covid testing, a controversial move, is also saving government money.

Michal Stelmach, senior economist at KPMG UK said: “Central government spending on procurement, which includes the NHS Test and Trace programme and the cost of vaccines, fell to its lowest level since August 2021 as free testing was phased out and the vaccine rollout matured.”

However, the good fortune for the Exchequer is likely to run its course in the coming months as the economic outlook worsens and the cost of living crisis intensifies. A more persistent hit to household disposable incomes may prompt the government to step in and provide additional support, which

would result in higher spending.”