

Government borrowing falls as economy fights back from Covid

THE UK government borrowed another £20.5 billion in August to make ends meet, the highest amount for that month for every year apart from the last one.

So far this year total borrowing stands at £93.8 billion, also hugely down on a year ago when Covid was at its worst.

The good news is that public sector net borrowing keeps coming in lower than the Office for Budget Responsibility predicted.

Tax revenues of £61.2 billion were up on last August's £55.8 billion, suggesting that the economic recovery is helping the nation's finances.

That perhaps makes it easier for the Bank of England to begin cutting the amount of support it has been pumping into the economy.

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And it helps the chancellor as he prepares for an October budget.

Ruth Gregory at Capital Economics said: “If we are right in thinking the economic recovery will be fuller than the OBR anticipates, borrowing will probably also fall more quickly than the OBR expects further ahead. Even so, the big picture is that the government seems to be done with fiscal stimulus and now seems intent on unwinding it.”

Sunak said: “As we Build Back Better from the pandemic, we are continuing with our Plan for Jobs, getting more people into work, supporting businesses, and investing in our public services.

“At the same time, we are determined to get our public finances back on track – that’s why we have set out the focussed and responsible steps we are taking to keep debt under control.”