

Government to borrow more than £70 billion to fund energy help and tax cuts

The [Government](#) will borrow an extra £70 billion over the coming months to fund its massive energy bills support for households and businesses.

The combined energy schemes will cost around £60 billion over the first six months, the Chancellor announced on Friday.

The business relief package, which provides companies with a discount on their bills, will cost around £29 billion over the period.

Meanwhile the support for regular people, which caps bills at £2,500 for the average household – although your bill can be higher or lower if you use more or less energy than the average – will cost £31 billion, according to current projections.

These forecasts are, however, highly uncertain because they depend on what happens to the volatile price of gas over the coming months.

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“The House should note that the estimated costs of our energy plans are particularly uncertain, given volatile energy prices,” Mr Kwarteng told [MPs](#) on Friday.

“But based on recent prices, the total cost of the energy package, for the six months from October, is expected to be around £60 billion.

“We expect the cost to come down as we negotiate new, long-term energy contracts with suppliers.”

The Government will turn to international borrowing markets to find the circa £72.4 billion it needs to cover the cost of the energy policies and its tax cuts.

It will lose out on more than £2 billion every year from its plans to scrap the top 45p on the pound income tax rate for earnings above £150,000.

Plans to cancel the planned rise in corporation tax from 19% to 25% will reduce the Treasury’s tax take by more than £12 billion next year, rising to £19 billion by 2026, the Government said.

Governments borrow money by selling gilts, a sort of IOU, on international markets. Anyone can buy them, such as through premium bonds, but most buyers are banks, pension funds and other big institutions.

As with most loans, the Government promises to pay back what it has borrowed, plus interest.

Earlier this week, the [Office for National Statistics](#) revealed that borrowing was much higher than expected in August.

The Government borrowed £11.8 billion last month as it dealt with soaring interest costs from its loans.

Many of these loans are tied to inflation.

But the Government now says that by supporting households it will reduce inflation by around five percentage points.

This will, in turn, make it cheaper for it to borrow money.