

Mounting cost of energy bills support sends public borrowing to February record

The soaring cost of energy bills support sent UK [Government](#) borrowing ballooning to a record £16.7 billion last month, according to official figures.

The Office for National Statistics (ONS) revealed that government borrowing in February jumped by £9.7 billion year on year, due to around another £9.3 billion in costs from energy support schemes.

The cost of energy support has now reached about £34 billion since it was put in place last October to help households and businesses cope with rocketing gas and electricity bills following Russia's invasion of Ukraine.

Chancellor Jeremy Hunt announced in last week's Spring [Budget](#) that the energy price guarantee capping bills at £2,500 a year will be extended for households for another three months, from April to June.

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The latest [ONS](#) data also revealed that £6.9 billion of interest payable on debt also pushed February borrowing higher, although this was down by £1.3 billion – the first fall in debt interest payments since April 2021 due to easing inflation.

Public sector borrowing was the highest February figure since monthly records began in 1993 and higher than the £11.7 billion expected by most economists.

It takes the year-to-date total to £132.2 billion.

This was £15.5 billion more than the same period last year and the third highest financial year-to-February borrowing since monthly records began in 1993.

Mr Hunt said: “[Borrowing](#) is still high because we’re determined to support households and businesses with rising prices and are spending about £1,500 per household to pay just under half of people’s energy bills this winter.

“What will bring these costs right down is lower inflation, which is why it remains one of our top priorities to halve it this year, alongside growing our economy and reducing debt.”

Of the £6.9 billion interest payable on government debt in February, £3.4 billion reflected the impact of retail prices index (RPI) inflation on index-linked gilt stock.

Inflation has been falling back from painful highs seen in October last year, but consumer prices index inflation still stands at 10.1%, with RPI at 13.4%.

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consolidation over the coming years

The borrowing figures come after the UK's fiscal watchdog, the [Office for Budget Responsibility](#) (OBR), cut its borrowing forecasts for the current financial year to £152.4 billion in last week's spring Budget, down from its £177 billion previous estimation.

The ONS said the February figure leaves the Government with £20.2 billion of headroom for borrowing in March.

Samuel Tombs, at Pantheon Macroeconomics, said the OBR's updated forecast is therefore "not in serious danger of being breached".

But he added: "We continue to think, however, that the OBR's optimism about the medium-term economic outlook is misplaced and that the Government will not stick to plans for a substantial fiscal consolidation over the coming years."

The OBR said last week that new measures in the Budget, such as increased childcare commitments for working parents, will increase spending, but borrowing is still due to be, on average, £10 billion lower each year from next year onwards.

It also forecast the UK would avoid a recession, with the economy to shrink by less than expected and inflation fall more sharply than previous forecasts, while it estimates CPI inflation will fall back to 2.9% at the end of this year.