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Research Briefing

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By Matthew Keep,
Dominic Webb,
Daniel Harari,
Lorna Booth

Spring Budget 2023: A summary

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1 Introduction

The Chancellor of the Exchequer, Jeremy Hunt, presented his 2023 Spring Budget to Parliament on 15 March and published documents with further details. Once the Chancellor finished his statement, the Office for Budget Responsibility (OBR) published updated forecasts in its economic and fiscal outlook.

As the Library briefing Background to Spring Budget 2023 explains, UK economic growth has been weak. High inflation has hit confidence and squeezed budgets, constraining the ability of households and businesses to spend. There are signs, however, that the economy is proving slightly more resilient than anticipated.

The OBR says that developments since its November forecasts have been largely positive, if modest, but notes there are still significant structural challenges.

The improvements in the forecasts for the economy have led to improvements in the public finances – the OBR describe the outlook as “somewhat brighter”.

1.1 The Budget Speech

In his speech, the Chancellor said the Budget will tackle the UK’s productivity issues including having lower business investment and higher economic inactivity than other similar countries. He described it as a “Budget for growth”.

The Chancellor focused on the four pillars of his industrial strategy:

- Enterprise – supporting business
- Employment – encouraging more people into work
- Education – providing people with skills
- Everywhere – growth across the UK.

Section 2 of this briefing describes the policies introduced to support his goals.

Sections 3 and 4 summarise the OBR forecasts for the economy and public finances.

2 Policy announcements

2.1 Government spending

Childcare

- **Free childcare** will be available for many working families with children aged nine months or older in England. This is an extension of the 30-hours a week of free childcare currently available to many working families with three and four year olds. This extension will be rolled out in stages:

  – 15-hours a week of free childcare for children aged two from April 2024

  – 15-hours a week of free childcare for children aged nine months up to two years from September 2024

  – 30-hours a week of free childcare for all of these children from September 2025

  Eligibility will be same as for the current offer for free childcare for three and four year olds – the Library briefing Help with childcare costs (England) has more details. This extension is expected to cost £4.1 billion by 2027/28.

- The **hourly amount paid to providers** of free childcare will be increased in England from 2023/24, paid from September 2023.

- **Staff-to-child ratios** will change from 1:4 to 1:5 for two year olds in England.

- A **'wraparound' childcare scheme** will be introduced for primary-school aged children, aimed at providing care for all children from 8am to 6pm in England. Funding is being provided to local authorities for a 'pathfinder' scheme starting in September 2024, with the potential for a national roll out in 2024/25 and 2025/26.

- **Universal Credit childcare support** will be paid upfront when parents move into work or increase their working hours. Currently parents need to claim this support in arrears.

- The **cap on Universal Credit childcare support** will be increased.

Further information on changes to childcare are available in the Government's Spring Budget 2023 factsheet – Labour Market Measures.

Benefits

- **Work coach support** will be extended to more people who are long-term sick and disabled. This includes optional support for people with limited capability for work and work-related activity who do not currently see work coaches. Work coaches work with people giving them advice, coaching and support to help them secure a job.

- **People claiming Universal Credit** will be required to agree to and meet intensive work-related conditions as part of their claim, by increasing the amount they need to earn before they have more "light touch" requirements. This includes:

  – increasing this amount, the Administrative Earnings Threshold, from 15 to 18 hours a week at the National Living wage; and

  – removing the amount set for couples, so both members of a couple have to earn up to the threshold before they have more "light touch" work requirements.

- **Work search requirements for lead carers of children** who are on Universal Credit will be expanded, expecting them to look for work or increase their working hours, with additional work coach support.

- **The application of sanctions** for claimants who do not meet conditions agreed to as part of their claim will be strengthened by providing further training for Jobcentre work coaches and automating administrative elements of the sanctions process.

- **WorkWell services** will be piloted in England. These will be integrated work and health hubs, linking Jobcentres, health services and other local organisations to provide support.

A Transforming Support: The Health and Disability White Paper was also published alongside the Budget. This provides further details of plans for disability employment support announced in the Budget.[1] It includes proposals to:

- Reduce the number of health and disability assessments by **removing the Work Capability Assessment** (WCA). In place of the WCA, Universal Credit claimants will be eligible to receive a new health element (which will replace the limited capability for work and work-related activity element) if they also receive any element of Personal Independence Payment (PIP).

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[1] Annex B of the White Paper sets out responsibilities for social vary across the UK and which of the changes will apply to Scotland, Wales and Northern Ireland.

- Create a **new personalised approach to deciding work-related conditionality and employment support** for sick and disabled people who claim Universal Credit.
- **Separate benefit entitlement from ability to work**, so disabled people who claim benefits will be able to work without losing financial support for their disability.

For further information, see the Government's Spring Budget 2023 factsheet – Disability White Paper and the Spring Budget 2023 factsheet – Labour Market Measures. For background see the Library briefing Disability benefits assessments and the Government's health and disability green paper.

Other policies to get people into work

- A **new employment programme for disabled people**, Universal Support, in England and Wales. This will match people who want to work with vacancies, as well as funding training and workplace support.
- Funding in England for **digital help**, for example through apps – for mental health, musculoskeletal and cardiovascular conditions.
- **Expanding current skills programmes** focussing on support for people aged over 50 ("returnerships") – supported by additional Skills Bootcamps places in England and Sector-Based Work Academy Programme placements in England and Scotland.

For further information, see the Government's Spring Budget 2023 factsheet – Disability White Paper and the Spring Budget 2023 factsheet – Labour Market Measures.

Energy

- The planned **increase in the Energy Price Guarantee (EPG) is being delayed**. The increase from £2,500 per year to the planned level of £3,000 per year now be on 1 July rather than 1 April, across the UK.

  Under the Energy Price Guarantee, the Government sets maximum prices per unit of gas and electricity for households.

  Due to lower wholesale gas prices, the Government notes household energy bills are expected to be lower from July.

  For further information see the Government's press release Energy bills support extended for an extra three months and the Library's Gas and electricity prices under the Energy Price Guarantee and beyond (published before the Spring Budget).

- **Charges for customers paying via pre-payment meters** will be brought into line with those paying by direct debit, across the UK.

Defence

- The Government will spend an **additional £2 billion per year** between 2023/24 and 2027/28 (£3 billion in 2024/25) on defence and national security priorities.

  The Integrated Review Refresh 2023 was announced on Monday 13 March, updating the Government's security, defence, development and foreign policy priorities, including the additional spending for 2023/24 and 2024/25.

  The Library briefing The Integrated Review Refresh 2023: What has changed since 2021? has more.

Devolution and local funding

- **New 'trailblazer' devolution deals** with the West Midlands Combined Authority and the Greater Manchester Combined Authority have been agreed, subject to ratification. They will each receive a multi-year funding settlement at the next Spending Review.

- **Central support for Local Enterprise Partnerships** in England will be withdrawn from April 2024, subject to consultation. Local Enterprise Partnerships are business-led partnerships between local authorities and businesses.

- There will be **funding for regeneration** projects in England.

- An additional £200 million will go to **local road maintenance**, including repairing potholes, in England, in 2023-24.

- A **new approach to investment zones** was announced for the UK.

For further information see the Government's press release, Levelling up at heart of Budget.

Funding for the devolved administrations

As a result of decisions at the Spring Budget, the devolved administrations will receive funding through the Barnett formula of:

- £320 million for the Scottish Government across 2023/24 and 2024/25

- £180 million for the Welsh Government across 2023/24 and 2024/25

- £130 million for the Northern Ireland Executive across 2023/24 and 2024/25.

2.2 Tax

Taxation of pensions

- The Budget increased the amount which can be saved tax-free in private pensions in a single year and over a person's lifetime. The **Annual Allowance** (the cap on tax-free annual pension contributions) will be increased from £40,000 to £60,000 from April 2023. The **Lifetime Allowance** will be scrapped from April 2024 and the lifetime allowance charge removed from April 2023. Ending the Lifetime Allowance means that pension savers will no longer have to pay extra tax if their lifetime pensions savings go over a certain limit.

Fuel duty

- Fuel duty will be **frozen for 12 months**. Last year's temporary 5p cut will be maintained and duty will not be increased with inflation.

Alcohol duty

- Alcohol duty rates are **frozen until August 2023**. On 1 August, non-draught alcohol duties will be uprated by inflation. The value of Draught Relief will be increased from 5% to 9.2% on qualifying beer and cider, and 20% to 23% on qualifying wine, spirits and other fermented products.

Business tax

- Companies will, temporarily, be able to use the cost of investment in certain plan and machinery to offset corporation tax. They will be able to do so immediately, rather than over the lifetime of the asset. This is widely known as full expensing. The temporary 100% deduction will start from April 2023 and will last for three years. The Government intends to make this scheme permanent when economic conditions allow. The introduction of this measure follows the end of the super-deduction scheme in March 2023.

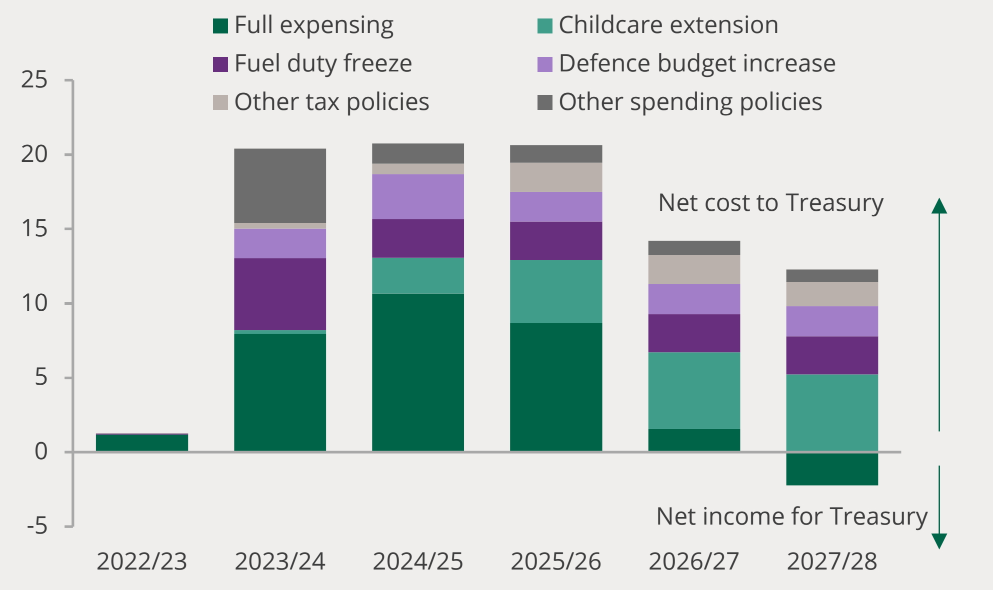
- The **extension of the 50% First-Year Allowance** permits the deduction of 50% of the cost of some plant and machinery, which don't qualify for full expensing, in the year of purchase. The Budget announced an extension of three years for this allowance which had been due to end on 31 March 2023. The Government intends to make this permanent when economic conditions allow.

- **Support for R&D intensive small and medium enterprises** (SMEs) will be through an enhanced rate of tax relief for loss-making firms. Those eligible will be able to claim £27 from the Government for every £100 of research and development investment.

- Reforms to audio-visual tax reliefs and a two year extension to the temporary higher rates of theatre, orchestra and museums and galleries tax reliefs.

The average net cost of Budget policies is £15 billion a year

Scorecard cost of policies, £ billions, not adjusted for inflation



Source: HM Treasury, Spring Budget 2023, Table 4.1

3 OBR forecasts for the economy

The Office for Budget Responsibility (OBR) published new forecasts for the economy and public finances on 15 March 2023.[2] The OBR's previous forecasts were published in November 2022.[3] This section summarises the new forecasts for the economy and compares them to those in November.

The OBR's forecasts are for the next five years, as usual, taking them up to 2027 and 2027/28, for calendar years and fiscal years, respectively. Quarterly forecasts up to the first quarter (Q1) of 2028 are also published.

3.1 GDP growth

The OBR has raised its expectations for GDP growth over the short-term, reflecting the better-than-expected performance of the economy and lower wholesale gas prices since its November forecast.

The OBR still anticipates the economic downturn that began in mid-2022 to continue during the first half of 2023, with high inflation resulting in lower consumer spending. However, the overall decline in GDP is now forecast at 0.6% compared with 2.1% previously. Growth is expected to return in the third quarter of 2023 and pick-up pace heading into 2024.

OBR forecasts for quarterly GDP growth

Quarterly % change in real GDP, date of OBR forecast

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Nov'22	-0.4	-0.5	-0.5	-0.2	0.1	0.4	0.7
Mar'23	0.0	-0.4	0.0	0.3	0.4	0.5	0.5

Source: Library calculations based on OBR, Economic and fiscal outlook – March 2023, 15 March 2023

For 2023 as a whole, GDP growth is now forecast by the OBR to be -0.2%, upgraded from -1.4%. Growth in 2024 is also expected to be stronger at 1.8% compared with the 1.3% forecast in November. Lower inflation is predicted to support household incomes and, in turn, consumer spending.[4]

In 2025, the OBR says GDP growth of 2.5% will be boosted by a continued recovery in consumer spending and a rise in business investment (supported

2 OBR, Economic and fiscal outlook – March 2023, 15 March 2023

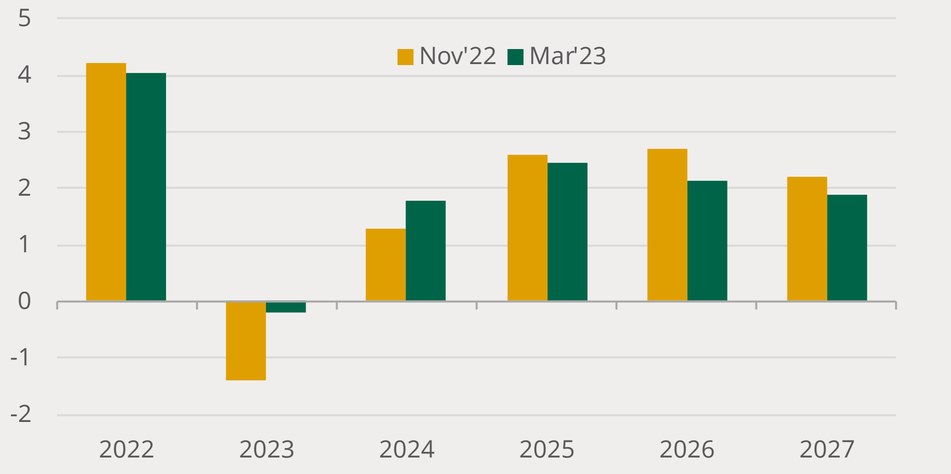
3 OBR, Economic and fiscal outlook – November 2022, 17 November 2022

4 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p39, para 2.38

by the temporary increase in the generosity of capital allowances).[5] Forecasts for growth in 2026 and 2027 are lower than in November, though still high compared with other forecasters.[6]

OBR forecasts for GDP growth

Annual % change, comparison of OBR forecasts from Nov'22 and Mar'23



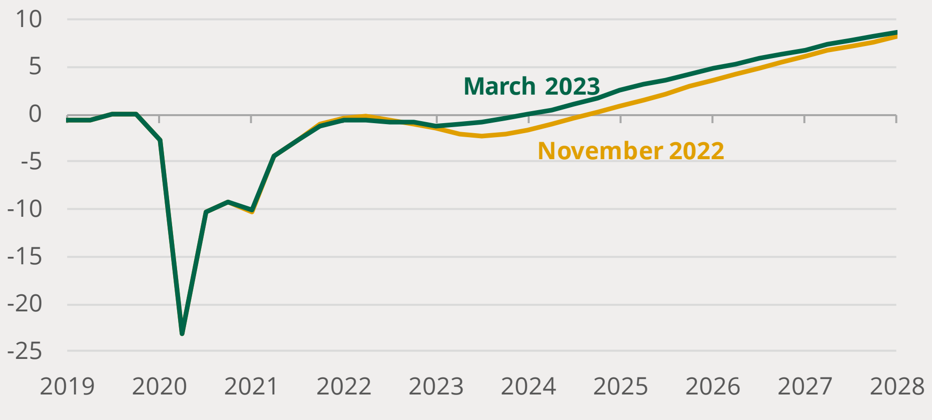
Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023, table A.1

The improved short-term outlook means that GDP is now forecast by the OBR to return to its pre-pandemic peak level of Q4 2019 a little earlier, in Q2 2024, than it thought in November (Q4 2024).

By the end of the OBR's forecast period in early 2028, the level of GDP is projected to be slightly higher (+0.5%) than was forecast in November 2022.

OBR forecasts for level of GDP

% change with GDP level of Q4 2019, comparison of quarterly OBR forecasts



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

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5 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p40, para 2.39

6 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p52, para 2.58 and HM Treasury, A comparison of independent forecasts for the UK economy in February 2023, 15 February 2023

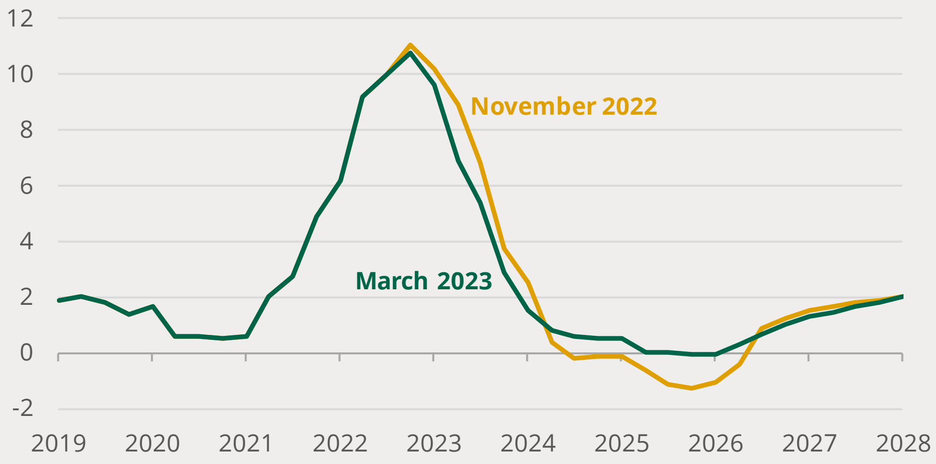
The OBR also highlights “structural weaknesses” of the UK economy: weak business investment; the decline in the number of people available to work (the labour supply) since the pandemic; and the much slower rate of productivity growth since the 2010.[7]

3.2 Inflation

The annual rate of inflation is now expected to fall faster during 2023 than the OBR forecast in November 2022. This stems mostly from the fall in wholesale gas prices since then. The Consumer Prices Index (CPI) measure of inflation is now expected to decline from its current rate of 10.1% in January to 2.9% by the end of 2023, lower than the 3.8% forecast previously.

OBR forecasts for inflation

%, annual change in CPI, comparison of quarterly OBR forecasts



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

The OBR expects the inflation rate to continue falling in 2024 and 2025, down to 0% during most of 2025 (meaning consumer prices remain unchanged compared with a year before). By the end of the forecast period in early 2028 inflation rises to 2%, which is the Bank of England’s inflation target.

3.3 Household incomes

The improved short-term economic outlook and the faster-than-expected decline in inflation has slightly improved forecasts for household incomes.

The OBR still expects an historically-large decline in after-tax incomes after adjusting for inflation. In 2023, incomes, on a per person basis, are forecast to

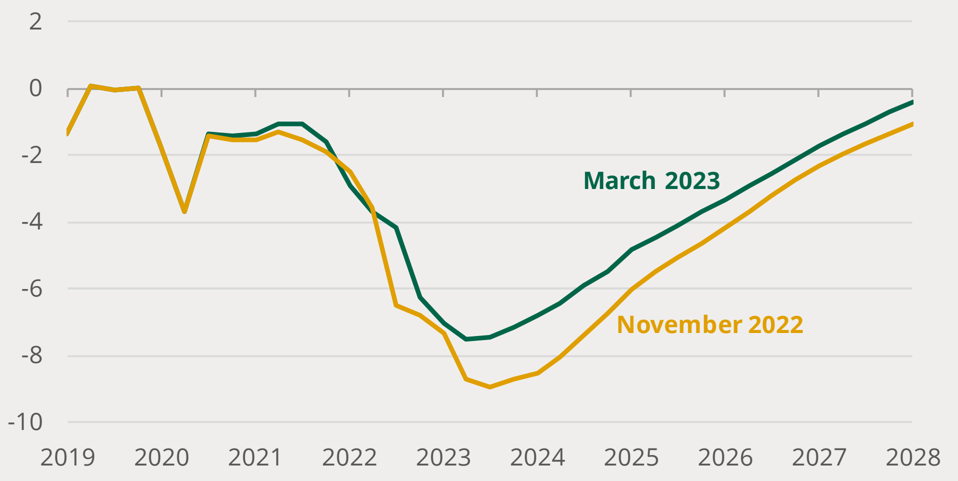
7 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p7, para 1.6

decline by 3.2%, compared with the 3.8% decline previously projected. And this comes after a 3.1% fall in this measure of income in 2022.

Based on these forecasts, real (inflation-adjusted) post-tax income per head will not return to its pre-pandemic level by the end of the OBR's forecasts in early 2028; they will still be 0.4% below their pre-pandemic level of Q4 2019.[8]

OBR forecasts of real household disposable income per head

% change in income level from Q4 2019, comparison of quarterly OBR forecasts



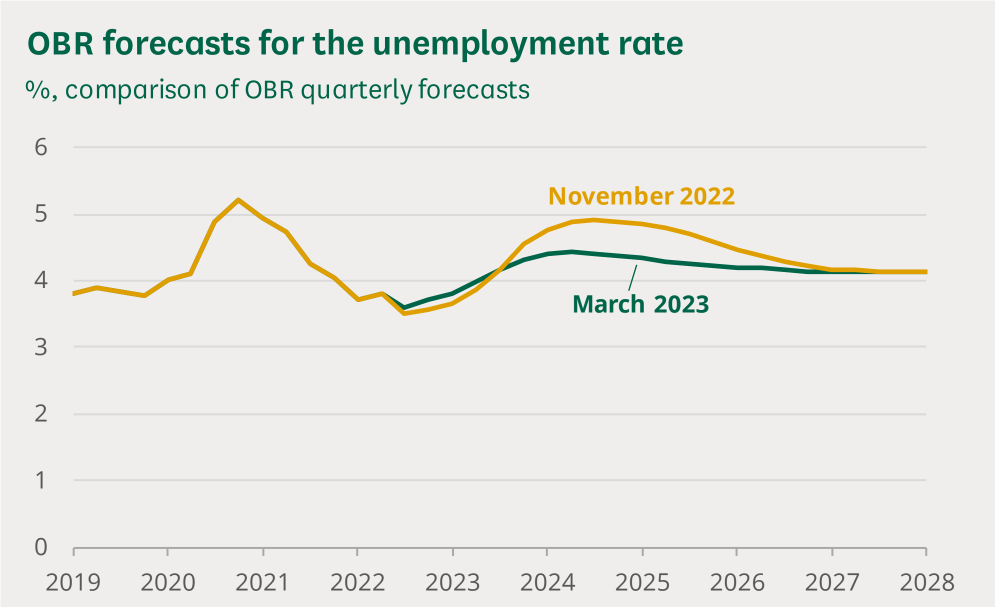
Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

3.4 Unemployment and employment

The OBR anticipates that unemployment will rise during 2023 due to the weak economy, with the unemployment rate forecast to peak at 4.4% in 2024. This is lower than was expected in November, when the OBR thought it would peak at 4.9%.

The OBR says that the impact of policies announced in the Budget will reduce the peak in unemployment by 0.1 percentage points.[9]

8 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p8, para 1.8
9 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p41, para 2.41



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

The OBR has revised up its estimates for how many people will be in work by the end of its forecast period in early 2028. It now thinks there will 140,000 more people in employment, compared to its November projections.[10] This is due to the OBR increasing its assumption of annual net migration and more people finding work as a result of the Government's measures boosting labour supply announced in the Budget.

The increase is mitigated to some extent by the OBR's assumption that more of the rise in economic inactivity (those not in work or looking for work) since the pandemic will be permanent.[11]

3.5 Business investment

The OBR's business investment forecasts have been heavily affected by the Chancellor's decision to temporarily increase the generosity of capital allowances (which incentivises firms to invest). The OBR says that this measure will boost business investment by bringing forward investment from after the incentive is withdrawn in April 2026.[12]

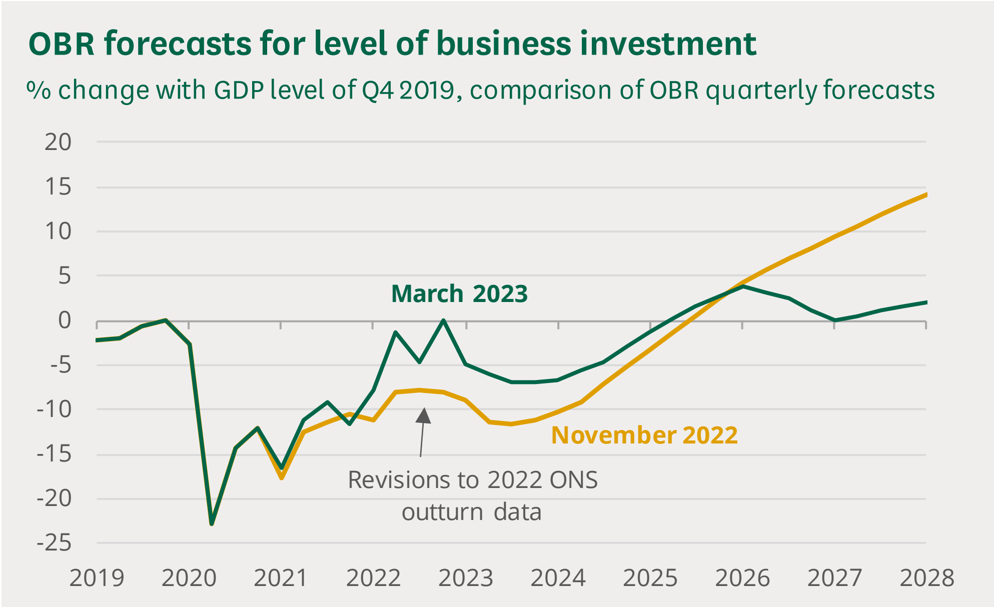
In addition, the OBR notes that the weak economic environment, increase in corporation tax from April 2023 and higher interest rates will lead to a fall in investment in 2023.[13]

[10] OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p7, para 1.7 and p42, para 2.43

[11] The OBR says that of the net 140,000 increase in employment in early 2028: net migration adds 160,000, Budget measures add 110,000, while higher structural economic inactivity subtracts 130,000

[12] OBR, Economic and fiscal outlook – March 2023, 15 March 2023, paras 1.9, 2.34, 3.13 and Box 2.2

[13] OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p36, para 2.34



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

3.6 Long-term growth assumptions

The OBR didn't alter its expectations of how fast the economy could grow under normal conditions over the long-term (called the **growth rate in potential output**). From 2027, the OBR thinks the economy can grow sustainably by 1.75% per year.

The OBR raised its assumptions of **net migration** per year from 205,000 to 245,000 from 2026/27 onwards.[14] This assumption is based on the Office for National Statistics January 2023 projections for total net migration.[15] The OBR says the higher population will boost employment and the level of potential output by 0.5% in 2027.

The OBR left unchanged its assumption that **Brexit** would lead to the UK's trade intensity – how much it exports and imports – being 15% lower in the long run than if the UK had remained in the EU. The OBR still thinks this will reduce potential productivity – and therefore GDP – by 4% over the long term.[16]

14 And up from 129,000 in March 2022

15 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, p28, para 2.23 and Box 2.4

16 OBR, Economic and fiscal outlook – March 2023, 15 March 2023, Box 2.4

3.7 Summary of OBR forecasts for the economy

OBR forecasts: economy

Comparison of November 2022 and March 2023 forecasts

	2022	2023	2024	2025	2026	2027
GDP growth, %						
November 2022	4.2	-1.4	1.3	2.6	2.7	2.2
March 2023	4.0	-0.2	1.8	2.5	2.1	1.9
GDP level, 2022=100						
November 2022	100.0	96.5	97.8	100.4	103.0	105.3
March 2023	100.0	97.6	99.4	101.8	104.0	105.9
Business investment growth, %						
November 2022	4.9	-2.1	3.1	8.2	6.6	4.8
March 2023	9.9	-2.8	1.3	6.1	1.9	-1.9
ILO unemployment rate, annual ave (%)						
November 2022	3.6	4.1	4.9	4.7	4.3	4.2
March 2023	3.7	4.1	4.4	4.3	4.2	4.1
CPI annual inflation, %						
November 2022	9.1	7.4	0.6	-0.8	0.2	1.7
March 2023	9.1	6.1	0.9	0.1	0.5	1.6
Productivity growth, %						
November 2022	0.3	-0.8	0.9	1.5	1.6	1.4
March 2023	0.4	0.1	1.0	1.3	1.2	1.1
Average earnings growth, %						
November 2022	5.9	4.2	1.7	1.7	1.9	2.7
March 2023	6.2	5.0	1.8	1.7	1.9	2.5
Real household disposable income per head, % change on previous year						
November 2022	-3.3	-3.8	0.8	2.6	2.0	1.7
March 2023	-3.1	-3.2	1.2	2.0	1.6	1.6

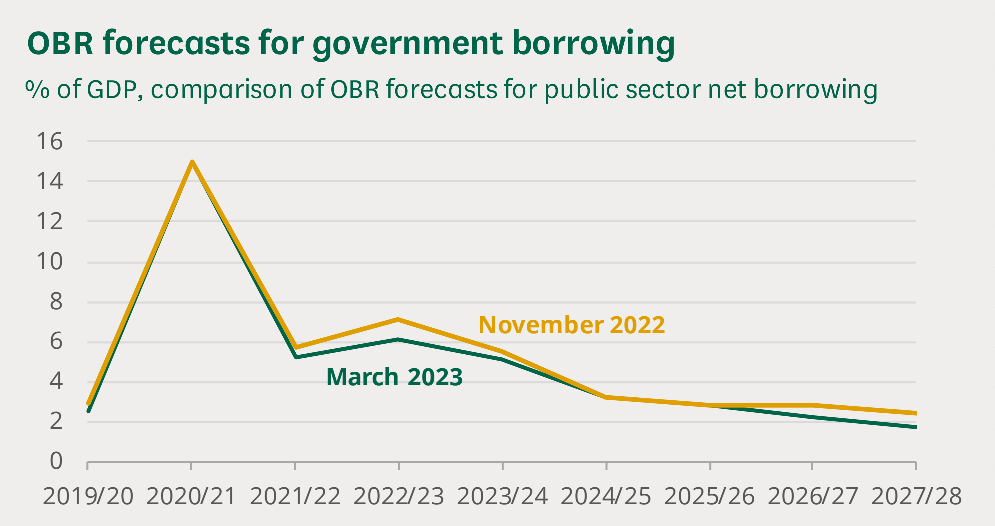
Notes: CPI is Consumer Prices Index, ILO is International Labour Organisation
Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023, table A.1 and Library calculations

4 OBR public finance forecasts

4.1 Government borrowing

When a government spends more than it raises from taxes and other sources (its receipts), it borrows money, mainly from financial institutions. This is sometimes referred to as the budget deficit.

The Office for Budget Responsibility's (OBR) 15 March forecast is that government borrowing will increase from £122 billion in 2021/22, to £152 billion in 2022/23. Borrowing is then forecast to fall in each financial year before it gets to £49 billion in 2027/28, which is the final year of the OBR's current forecast period. As the chart below shows, a similar pattern is seen for borrowing as a percentage of GDP.



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

Compared with its previous (November 2022) forecast, the OBR now forecasts lower borrowing in all but one year of its forecast. 2024/25 is the exception.

Despite the improvement, borrowing is forecast to be around £50 billion a year higher relative to the OBR's March 2022 forecast.

The underlying situation has improved…

The OBR produce an 'underlying' forecast, which forecasts borrowing before the Chancellor's Spring Budget policies are included. Its underlying borrowing forecast is around £25 billion a year lower, on average, compared with the November 2022 forecast.

The OBR expects that recent strength in tax receipts will persist across all years of the forecast. It also believes that the Government will spend less on debt interest than it forecast in November 2022.

For this financial year (2022/23) and next, government spending on energy support for households and businesses is forecast to be a lot less than was forecast in November 2022.

...but three-fifths of the improvement has been spent by the Chancellor

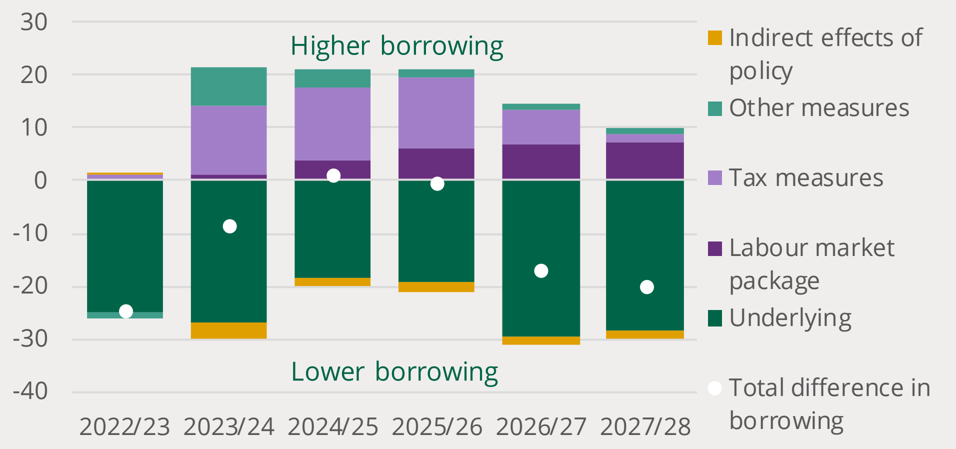
The Chancellor's Spring Budget policies – summarised in section 2 – directly increase borrowing by around £15 billion a year. The cost is highest during 2023/24 to 2025/26, when the temporary full-expensing capital allowances is in force. This policy allows businesses to deduct 100% of all plant and machinery investment spending immediately when calculating taxable profits. The allowance will cost the Government an average of around £9 billion in the three years.

Aside from the capital allowance:

- around £4 billion is being spent in 2023/24 to maintain the generosity of the energy price guarantee to June 2023
- policies to support labour market participation are forecast to cost around £1 billion in 2023/24, rising to around £7 billion by 2027/28
- other spending policies, most notably on defence, cost around £3 billion a year on average across the five-year forecast
- tax measures, most notably freezing the fuel duty rate, cost over £3 –4 billion a year on average.

Changes in government borrowing forecast since Nov 2022

£ billion



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023, chart 4.12

4.2 Government debt

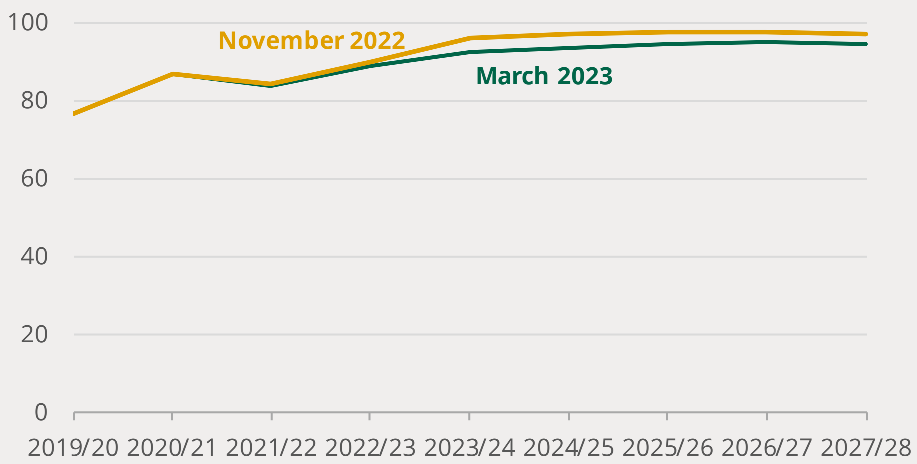
The Government's underlying debt was equivalent to 83.9% of GDP at the end of 2021/22. On 15 March, the OBR forecast that it will increase each year before reaching 94.8% of GDP in 2026/27. It then falls to 94.6% of GDP in 2027/28. Government debt hasn't consistently been above 90% of GDP since the early 1960s, although it has been higher and exceeded 200% of GDP following World War II.

The Government's underlying debt excludes the Bank of England's contribution to net debt. Underlying government debt (excluding the Bank of England) is said to be more closely associated with government choices around spending and tax than the measure including the Bank's contribution. It is thought to be a better measure of the Government's underlying debt, because it removes some Bank of England schemes that add to debt only temporarily. [17] It is the measure of debt used in the Government's debt target.

Compared with the November 2022 forecast, the OBR now forecasts that the Government's underlying debt will be lower in all years of its forecast. It has revised down its forecast by an average of 2.7% of GDP across the five-years. This is due to two factors. The OBR forecasts that the cash level of debt will be lower, relative to its November 2022 forecast, as the Government will be borrowing less. It also forecasts that the cash size of the economy (as measured by GDP) will be larger, relative to the November forecast.

OBR forecasts for underlying net debt

% of GDP, OBR forecasts for public sector net debt excl. Bank of England



Source: OBR, Economic and fiscal outlook – March 2023, 15 March 2023

[17] IFS, Green Budget 2021, October 2021, Box 3.1; HM Treasury. Autumn Budget and Spending Review 2021, para A.21

4.3 The Chancellor's fiscal targets

In February 2023, the House of Commons approved revised targets for the public finances.[18] They were proposed by the Chancellor in the 2022 Autumn Statement.

The targets, which cover government debt and borrowing, are often referred to as the "fiscal targets". Both targets are currently being met in the OBR's forecast.

The Government's target is for **debt to be falling**, as a % of GDP, by the fifth year of the OBR's forecast (currently, 2027/28). This target focuses on the Government's underlying debt (excluding the Bank of England), as discussed above. The Government is forecast to meet this target by 0.2% of GDP, which is around £6.5 billion. This is a smaller margin than the OBR forecast in November 2022.[19]

The OBR says that the margin of £6.5 billion is the "smallest amount of headroom any Chancellor has set aside against his primary fiscal target, which has averaged £25.6 billion in today's terms since the OBR was established in 2010".[20]

The borrowing target is for government borrowing to not exceed 3% of GDP by the fifth year of the forecast period. The target is being met in the OBR's forecast, by a margin of £39 billion (1.3% of GDP). For this target, the margin, or headroom, has increased from around £21 billion in the November forecast.[21]

The Government also has a cap on welfare spending called **the welfare cap**. The only formal assessment of this comes in the first Budget of a Parliament. However, the OBR monitors progress between these official assessments. In its forecast, the OBR assesses that the welfare cap is on course to be missed by around £4 billion.[22]

The Library briefing The UK's fiscal targets, discusses the targets and their predecessors.

18 HC Deb 6 February 2023 [Charter for Budget Responsibility].
19 OBR, Economic and fiscal outlook – March 2023, Section 5
20 OBR, Economic and fiscal outlook – March 2023, Para 1.19
21 OBR, Economic and fiscal outlook – March 2023, Section 5
22 OBR, Economic and fiscal outlook – March 2023, Section 5

4.4 Summary of OBR forecasts for the public finances

OBR forecasts: public finances

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Net borrowing (PSNB), £ billion							
November 2022	133.3	177.0	140.0	84.3	76.9	80.3	69.2
March 2023	122.4	152.4	131.6	85.4	76.7	63.5	49.3
Net borrowing (PSNB), % of GDP							
November 2022	5.7	7.1	5.5	3.2	2.8	2.9	2.4
March 2023	5.2	6.1	5.1	3.2	2.8	2.2	1.7
Current budget deficit, % of GDP							
November 2022	3.3	4.6	2.5	0.5	0.3	0.5	0.2
March 2023	3.1	3.7	2.3	0.5	0.3	0.0	-0.4
Net debt (PSND), £ billion							
November 2022	2,373	2,571	2,752	2,825	2,809	2,872	2,963
March 2023	2,373	2,546	2,702	2,782	2,776	2,830	2,909
Net debt (PSND), % of GDP							
November 2022	97.4	101.9	106.7	105.8	101.7	100.0	99.3
March 2023	96.9	100.6	103.1	102.4	99.1	97.6	96.9
Net debt (PSND) excluding Bank of England, % of GDP							
November 2022	84.3	89.9	95.9	97.2	97.6	97.6	97.3
March 2023	83.9	88.9	92.4	93.7	94.6	94.8	94.6
Central government net debt interest, £ billion							
d November 2022	56.4	120.4	108.5	82.4	77.0	95.4	101.9
March 2023	56.4	114.7	94.0	77.3	76.9	88.7	96.5

Sources: OBR, Economic and fiscal outlook – March 2023, 15 March 2023, table A.9 & table 4.12; OBR, Economic and fiscal outlook – November 2022, 17 November 2022, table A.5

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