
Chair of the UK Statistics Authority, Andrew Dilnot CBE

Rachel Reeves MP
House of Commons
LONDON
SW1A 0AA

1 February 2013

Dear Ms Reeves

PUBLIC SECTOR NET DEBT AND NET BORROWING

Thank you for your letter dated 24 January 2013 regarding the Party Political Broadcast by the Conservative Party, broadcast on the evening of 23 January.

It is clearly important for all parties to public debate in this area to understand the relevant statistical definitions and to distinguish changes in the level of debt outstanding from changes in borrowing per period, and to reflect these in their communication of the statistical trends involved. These are definitions which accord with concepts set out in European and international statistical accounting frameworks.

Public sector net *debt* is a measure of how much the UK public sector owes at a given time. Public sector net *borrowing* is the difference between total accrued receipts and total accrued (current and capital) expenditure over a specified period; this measure is frequently used by commentators to summarise the extent of any public sector '*deficit*'.

The latest National Statistics on *Public Sector Finances*, published on the morning of 22 January 2013, show that public sector net debt (excluding the temporary effects of financial interventions) at the end of the second quarter of 2010 (June) was estimated to be £811.3 billion, representing 55.3 per cent of Gross Domestic Product, rising to £1,111.4 billion at the end of the fourth quarter of 2012 (December) (70.7 per cent of GDP).

Public sector net borrowing (also excluding the temporary effects of financial interventions) for the 2009/10 financial year was £159.0 billion and £121.6 billion for 2011/12.¹

The Office for National Statistics has provided a table and charts in the accompanying Annex to show data for other relevant time periods.

¹ <http://www.ons.gov.uk/ons/rel/psa/public-sector-finances/december-2012/stb---december-2012.html>

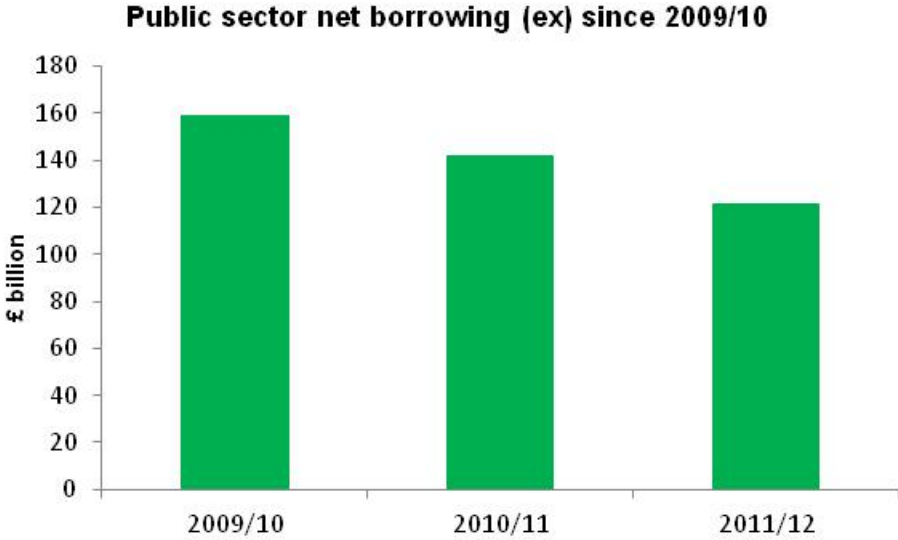
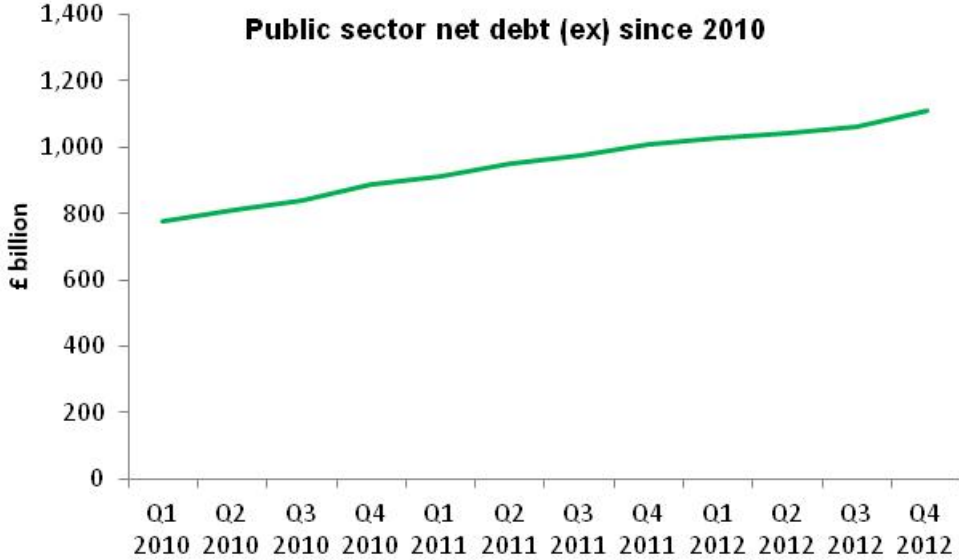
I am copying this to the Prime Minister's Chief of Staff at 10 Downing Street .

Yours sincerely

A handwritten signature in black ink that reads "Andrew Dilnot". The signature is written in a cursive, slightly slanted style.

Andrew Dilnot CBE

ANNEX



Public sector net debt and net borrowing (excluding financial interventions), 2010-12

	Net Debt		Net Borrowing	
	£bn	% GDP	£bn	% GDP
<i>quarter</i>				
Q1 2010	777.0	53.1	29.6	
Q2 2010	811.3	55.3	40.2	
Q3 2010	839.1	56.7	33.1	
Q4 2010	887.2	59.4	46.3	
Q1 2011	909.8	60.4	22.1	
Q2 2011	949.1	62.6	37.6	
Q3 2011	973.5	63.8	24.7	
Q4 2011	1,009.6	66.0	37.0	
Q1 2012	1,026.3	66.8	22.4	
Q2 2012	1,040.8	67.3	9.4	
Q3 2012	1,063.6	68.3	27.9	
Q4 2012	1,111.4	70.7	41.2	
<i>financial year</i>				
2009/10	777.0	53.1	159.0	11.2
2010/11	909.8	60.4	141.7	9.6
2011/12	1,026.3	66.8	121.6	8.0

Source: Office for National Statistics *Public Sector Finances, December 2012* (22 January 2013)