

UK government borrowing in 2020/21 was £19 billion, ...

Published: January 14, 2026, 3:49 am

I was asked yesterday how much of the government deficit in the last financial year was funded by government borrowing, and how much by quantitative easing.

There is no definitive answer to this as yet: I used the Office for Budget Responsibility [year-end projections for 2020/21](#) when doing so, plus QE [data from the Bank of England](#). I know the ONS has issued slightly differing borrowing data now, suggesting the outcome a bit better than the data I used, but ONS data tends to be revised so I stuck with the OBR.

Doing so I got this data:

Summary of the UK's finances 2020/21

	£'bn	£'bn
Total spending		1,141
Less: Total tax receipts	704	
Other receipts	82	
		786
Deficit for the year		355
Gilts owned by the Bank of England at 1 April 2020	438	
Gilts owned by the Bank of England at 31 March 2021	774	
Increase in gilt holding in the year		336
Approximate actual government borrowing in the year		19

The spend figure covers current spending and investment.

Tax data should be obvious as to its meaning.

Most people are surprised by the amount of other income the government gets. It includes the refund to the government by the Bank of England of the interest paid on QE debt.

The apparent deficit was forecast to be £355 billion. It may have turned out to be

slightly less.

The QE figures are reliable. The Bank of England injected £336bn into the economy in the year. That could be, and was, used to buy UK government debt. The fact that repurchases might have been at current rather than issue prices does not matter. The fact is the Bank supplied £336bn so that new issue government bonds could be purchased by those in the financial markets at no real net cost to themselves once the sale of their existing gilt holdings to the government was taken into account.

The consequence is clear. The deficit was, maybe, £19bn at most. It is likely that it was smaller. There was then almost no net new, or real, government borrowing in the 2020/21 year at all.

The fact is that we went through this crisis and did not borrow. New money was created. A creative use for it is required. Inequality grew because of it. But the government did not increase its real debt. And the cost of servicing that debt remains wholly under its control.

So where is the government economic crisis that time and again has prevented it locking down to tackle Covid and which has, consequently, been the cause of so many unnecessary early deaths? It is nowhere to be seen. There is no crisis. There is just a false dogma of borrowing, based on false accounting, that seeks a smaller state at all costs, including the lives of so many that have died.

And yes, that makes me very angry.