

# Funding the Future

## Public borrowing did not fall in December: the ONS just...

Published: January 13, 2026, 8:08 am

I did not give much attention yesterday to the claimed fall in public sector borrowing in December 2023.

I did so overnight and found the reason in this chart:



Source: Public sector finances from the Office for National Statistics

The data does, of course, [come from](#) the Office for National Statistics.

What the chart shows is that in December 2023, there was no interest apparently payable on index-linked bonds (the actual figure was negative £0.1 billion). As the OBR themselves said:

*In December 2023, the interest payable on central government debt was £4.0 billion, £14.1 billion less than in December 2022. This was the lowest December interest payable since 2020 and £5.5 billion less than the £9.5 billion forecast by the OBR.*

In other words, there was something really rather weird about the December 2023 interest charge given that there was supposedly still headline inflation ongoing during the month that should have resulted in an interest liability accruing for the month with a consequent increase in government debt resulting.

So, what did happen? Did the ONS correct previous errors?

Or have the ONS notice, [as I have](#), that inflation is effectively over and that no further provision was required?

The reason given was this:

*The large month-on-month increases in the Retail Prices Index (RPI) observed since early 2021 led to substantial increases in debt interest payable, with the largest three months on record occurring in 2022 and 2023. The additional interest caused by RPI inflation is described as capital uplift and affects the value of the gilt principal.*

*Capital uplift in December 2023 was negative £0.1 billion reflecting the 0.2% decrease in the RPI between September and October 2023. This reduced the capital uplift on the three-month lagged [index-linked gilts](#), which make up around three-quarters of the index-linked gilt stock. A monthly time series of the total capital uplift on the index-linked gilts in issue is available as [series identifier code MW7L](#).*

In other words, the ONS think inflation is really going away and reacted to that. They have confirmed my own thinking on this issue.

But what was not true was that borrowing fell as a result. They just changed an accounting entry, which was the entry for interest that might be paid on index-linked bonds maybe fifteen years hence, which is how the accounting for this supposed charge is made.

And on the basis of that guesstimate, Jeremy Hunt supposedly has money to give away in tax cuts in the budget.

That is how crass economic management in the UK is.