

The national debt: an ongoing saga

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Regular readers will recall [that in August I raised concern](#) when the UK Office for National Statistics claimed that simultaneously UK national debt had exceeded £2 trillion for the first time and had exceeded 100% of GDP for the first time since the 1960s.

I also raised concern at that time about what actually constituted the national debt, noting just how hard it was to find this information within the data published by the ONS, before coming up with this presentation:

	£'m	£'m
British government stock (gilts)		1,681,162
Sterling treasury bills		95,268
National savings		202,595
Tax instruments		494
Other sterling debt and foreign currency debt		72,295
Residual bank debt		8
Network Rail		24,900
General government gross debt		2,076,722
Local government debt	118,080	
Less: local gov't debt borrowed from central gov't	95,577	
		22,503
General government consolidated gross debt		2,099,225
Adjustment for public corporation debts and pension fund	-12,493	
Offset of government liquid assets	-256,998	
Offset of public corporations liquid assets	-20,473	
		-289,964
Public sector net debt nominal values		1,809,261
Bank of England contribution to Public Sector Net Debt		194,778
Public Sector Net Debt excluding public sector banks		2,004,039

There are a number of things to note. The first is that, slightly amusingly, the latest ONS data, released for September, downgrades the July debt estimate to £1,997bn. So, it wasn't £2 trillion after all.

More importantly, I have pursued, as I said I would, the issues arising. I should record my thanks to the ONS, HM Treasury and the Office for Budget Responsibility, all of

whom have actively engaged in discussion on this issue now, and to the Bank of England, which has corresponded, at length.

I would like to say I have an answer to the issues I have raised, but as yet I admit that I have not. This discussion is ongoing, including on matters as basic as what is, and is not, included in the calculation, which discussion covers some quite surprising issues.

Issues around how I think the national debt should also be presented have been subject to a lot of research, and report drafting, followed by much redrafting as evidence has accumulated. The issues arising, and the economic, accounting and political economy issues involved are remarkably complex. Colleagues at Sheffield University and elsewhere have already provided invaluable support in these discussions.

What began as a simple blog post has turned into a major project, in which all the UK's major public sector economic reporting agencies have now played a part. There will, I promise, be results in due course: I am now working on a paper, although don't expect brevity or a light read, as those who have commented to date have complained. I do, however, think that the work, and the wait, will be worthwhile. The one thing I think I can safely predict is that the national debt is definitely not what it claims to be.