

Funding the Future

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According to the [Office for National Statistics this morning](#) UK national debt is £2,492 billion.

Except, of course, it is not.

The Bank of England [still owns £831 billion](#) of the UK's national debt.

And in the figure for the supposed national debt it is claimed that £293bn of the national debt is due to the operations of the Bank of England. (Cell B469 on table PSA8B_2, [here](#), because they know how to make things easy to find). This is also not true: there is no such liability on the books of the Bank of England. This figure arises because the ONS quite deliberately ignores assets on the Bank of England balance sheet which are financed by its supposed debts and only counts a selected set of liabilities, which is straightforward nonsense.

So what is the true figure?

Actually, it's not £2,492bn less £831bn less £293bn. That's because part of the £293 billion artly overlaps the £831bn, as far as it is possible to work out. But what is certain is that £182bn of loans made by the Bank of England to commercial banks to support small businesses during Covid is treated as a liability of the Bank of England even though there is an asset to match it (cell F151 on table PSA9A of the spreadsheet already linked).

So what is national debt, at most? It is £2,492 less £831bn less £182bn, or £1,479bn. That is £1,013bn less than the ONS say.

And no, for the record, the balances on central bank reserve accounts held by commercial banks are not part of the national debt. They are part of the money supply and that is something very different.

So, first of all, as ever, the Office for National Statistics is pumping out false information. And second, terrible decisions are being based on that information. I call that wholly inappropriate accounting.

And that is before we ask the question whether the remaining sums - which are balances on savings accounts held with the government - are even debt at all, which I suggest that they are not.

But let's just worry at the moment about the fact that the Office for National Statistics gets its figure for the national debt wrong by over £1 trillion this morning.

Why on earth would it want to do that?