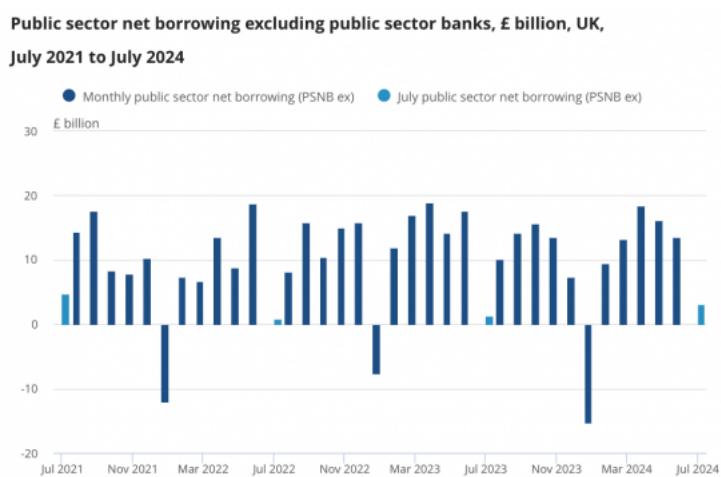


The so-called national debt is overstated, after all

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I have noted the [new public sector borrowing figures](#) published this morning, summarised as follows:



Source: Public sector finances from the Office for National Statistics

July borrowing was up very slightly. The cycle continues and will continue since Rachel Reeves is now pursuing Tory policy. There is little to add, barring one thing.

I [have already noted this morning](#) a Guardian article making very confident budget predictions, which are, I am sure, based on Treasury information. What I did not mention was the fourth prediction [that the article](#) made, which was that Reeves is planning to change the way the so-called national debt is measured to exclude the so-called Bank of England contribution.

Long-term readers of this blog will know that this is an issue to which I gave much attention in about 2020. [This is one of the discussions on this claimed contribution.](#) It was published in that year. More followed. But so, too, did practical work.

I followed up on my concern through correspondence and then had an extensive

discussion with the Office for National Statistics. The Bank of England, the Treasury and the Office for Budget Responsibility all got involved. The result was a massive improvement in the disclosure of this issue within national debt data.

Turning to today's data, [the impact can be seen](#) in table PSA9A of the Excel spreadsheet downloadable from there (you have to be a bit geeky here). That reconciliation of the so-called Bank of England contribution was created as a direct result of my engagement with the ONS: it would not otherwise exist.

As that table shows, the Bank of England's supposed contribution to the national debt is now £205 billion. That is included in the grand total £2,749 billion (table PSA8B_2, column C, by the way, bit it takes a real geek to know that). In other words, it is supposedly 7.5% of the national debt.

The only problem is that, as I pointed out in 2020 and again in 2023 in a submission to parliament, this supposed Bank of England contribution to the national debt does not exist. [As I said in that submission:](#)

The national debt is also overstated ... because of the Office for National Statistics' claim that there is a so-called Bank of England contribution towards that debt for which no matching liability exists in the audited account of the Bank of England. The figure in question represents assets that the ONS arbitrarily refuses to accept the existence of when estimating the national debt. The total sum in question cannot be categorised as debt because there is no identifiable person to whom it is owing. The problem arises because the Office for National Statistics does not use double-entry accounting when estimating the national debt.

Like so much of what I suggest, this was ignored at the time. But again, as is true of all that I seek to write here, the claim was true. There is no Bank of England contribution to the national debt: the claim is entirely fictional and is based solely upon the fact that the Office for National Statistics refuses to prepare proper accounts for this debt - and almost seems proud of the fact that they do not do so.

Now, it looks likely that Rachel Reeves might restate the so-called national debt to exclude this figure. I will, I suspect, be the only person able to claim credit for that change. I am staking that claim now, and unashamedly so.

But the real question is, will that let Reeves do what is required for the country? Winning technical arguments is one thing. Securing change is much more important.