

British Debt Hits 100% of GDP: Challenges for Finance Minister Rachel Reeves

The UK's public debt has reached 100% of its GDP, the highest since records began in 1993. This surge pressures Finance Minister Rachel Reeves as she prepares her October 30 budget. Public sector net debt, excluding public sector-owned banks, rose from 99.3% in July, marking the first time the debt ratio has reached this level since the early 1960s when the country was still grappling with World War II's financial consequences.

The UK government's debt has grown significantly since the 2008 global financial crisis and the COVID 19 pandemic. The sluggish economic growth since then has exacerbated the debt-to-GDP ratio. In August alone, the government borrowed £13.73 billion, surpassing expectations and marking a £3.3 billion increase compared to August 2023.

Rachel Reeves faces a tough fiscal situation as spending on social benefits and inflation-driven expenses continue to rise. While Reeves has hinted at tax increases in her upcoming budget, she has ruled out raising income, corporation, or value-added taxes, leaving limited options to improve public services and drive investment.

So far, government borrowing in 2024-25 stands at £64.1 billion, which exceeds forecasts by £6 billion. Each of the last four months has seen higher-than-expected deficit figures, highlighting the growing fiscal challenges. Read more like this [here](#).