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Chancellor Announces Spending Cuts and Accuses Conservatives of Fiscal Mismanagement

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Chancellor Rachel Reeves has announced a fresh wave of public spending reductions after uncovering a £20–22 billion gap in the nation's finances. She accused the former Conservative government of concealing the extent of the shortfall, promising to restore fiscal credibility through targeted savings and economic reform.

In a statement to Parliament, Reeves claimed that an internal Treasury audit revealed a significant deficit left behind by the previous administration. The Chancellor argued that key information had been withheld from the Office for Budget Responsibility, and that the public had not been fully informed of the nation's financial position before the general election.

To address the shortfall, Reeves has directed government departments to deliver £3 billion in immediate savings. Planned cuts will reach £5.5 billion by the end of the financial year and rise to more than £8 billion in the following year. Measures include halting certain consultancy contracts, reassessing infrastructure projects, and delaying or reviewing commitments such as hospital builds and transport upgrades.

Despite these savings, Reeves confirmed the government will proceed with above-inflation pay awards for public sector workers, including a 22 per cent rise for junior doctors. These settlements are expected to cost between £9 billion and £11 billion. To fund them, the Chancellor plans to scrap winter fuel payments for wealthier pensioners and drop the long-planned cap on social care costs.

Defending her decisions, Reeves said the government must "level with the public" about the real state of the economy. She criticised the Conservatives for leaving behind a fiscal mess that undermined the country's ability to fund key services without hard choices.

Former Chancellor Jeremy Hunt rejected these claims, accusing Reeves of political opportunism and insisting the figures had long been available to her team. He warned that the narrative was intended to justify future tax hikes and mask Labour's spending agenda.

Reeves reiterated Labour's pledge not to raise taxes on working people. Instead, she said her strategy is to drive growth and deliver better value for taxpayers. She confirmed the launch of a new Office of Value for Money, which will monitor departmental spending and reduce waste.

With borrowing costs rising and inflation pressures ongoing, the Chancellor insisted that economic discipline is vital to maintain market stability. While she did not rule out future taxes on wealth, she promised any measures would be applied carefully and transparently.