Brexit’s £40 Billion Blow to Public Finances: Nine Years On, Economic Forecasts Prove Accurate

June 23, 2025, marks nine years since the United Kingdom voted to leave the European Union. As the anniversary passes, a comprehensive audit of the economic impact has confirmed what many economists predicted at the time: Brexit has significantly weakened the UK’s public finances by an estimated £40 billion.

The figure closely mirrors projections made by the Office for Budget Responsibility (OBR) in 2016, which forecast a long-term reduction in productivity of around 4% due to declining trade and investment. That loss in productivity has now translated into a substantial shortfall in tax revenue between 2019 and 2024.

John Springford, associate fellow at the Centre for European Reform, conducted the analysis and noted that a “large chunk” of recent tax increases would likely have been unnecessary had the UK remained in the EU or even adopted a softer version of Brexit. During the same period, the UK government raised taxes by £100 billion to offset the fiscal gap.

The long-term outlook remains challenging. The OBR estimates that it will take 15 years to fully realise Brexit’s economic effects. Trade volumes are already down and are projected to fall by 15% compared to a scenario in which the UK had stayed within the EU’s single market.

While the political debate surrounding Brexit has shifted toward issues such as immigration and regulatory autonomy, the financial implications are becoming increasingly difficult to overlook. As public services face continued pressure and economic growth remains sluggish, the fiscal consequences are now materialising in tangible ways.

Nearly a decade after the referendum, the data suggests that the economic warnings were not exaggerated. The impact of Brexit is not only measurable, it is now being felt across government budgets, household incomes, and the wider economy.