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UK Debt Trajectory ‘Unsustainable’, Warns Fiscal Watchdog

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The Office for Budget Responsibility (OBR) has warned that the UK’s national debt could spiral to nearly three times the size of the economy by the 2070s without serious fiscal reform. The report highlights pension costs, climate obligations, and reversed spending cuts as key drivers of an increasingly unstable economic outlook.

Britain's independent fiscal watchdog has sounded the alarm over the long-term health of the nation's public finances, warning that without firm intervention, government debt could reach an eye-watering 270% of Gross Domestic Product (GDP) by the early 2070s. In its *Fiscal Risks and Sustainability* report, the Office for Budget Responsibility (OBR) described the current fiscal path as "unsustainable", driven by surging age-related spending and policy U-turns that have left the country more exposed to economic shocks.

Among the major concerns raised was the spiralling cost of the state pension, largely fuelled by the triple lock mechanism, which guarantees annual rises in line with the highest of inflation, earnings growth, or 2.5%. The OBR noted that the cost of delivering the state pension has already reached £138 billion annually, about 5% of GDP, and is expected to climb to 7.7% over the coming decades. This comes despite repeated warnings that the policy, while politically attractive, is no longer financially sustainable in its current form.

Climate policy costs also featured prominently in the OBR's projections, with public borrowing set to rise sharply as the UK attempts to fund net-zero commitments and cover falling fuel duty revenues. The report estimates that climate-related fiscal pressures alone could add 74% of GDP to public debt by 2070 if left unchecked.

Concerns were further raised by the reversal of previously announced welfare reforms, a move the report links to weakened investor confidence and rising government borrowing costs. Since July, long-term borrowing rates have risen sharply, placing more pressure on future budgets. Notably, the report states that the UK now ranks sixth highest in debt

levels among 36 advanced economies, and third in terms of borrowing costs.

Despite these warnings, the current Labour government has offered little clarity on how it intends to bring borrowing under control. While Chancellor Rachel Reeves has pledged to uphold “non-negotiable fiscal rules,” the OBR found that such rules have done little to contain debt in recent years. Since the 2008 financial crisis, UK public debt has risen by 24% of GDP, and the fiscal headroom once available has all but vanished.

OBR chair Richard Hughes was blunt in his assessment, warning that the UK cannot afford to continue making long-term spending promises without credible plans to fund them. “The public finances are vulnerable,” he said, adding that even modest shocks could trigger serious consequences without a course correction.

Certainly. Below is a professionally written article based on the content and criticism highlighted in *The Guardian* regarding Britain’s economic policy. It adheres to your guidelines: centre to right-leaning tone, UK English, factual, with defined abbreviations, and no supportive language for the current Labour government.