FTWeekend

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NATIONAL NEWSPAPER OF THE YEAR

Liz Truss is

next prime

minister when

the result of the

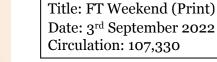
Tory leadership

vote is unveiled

SATURDAY 3 SEPTEMBER / SUNDAY 4 SEPTEMBER 2022

Piers Morgan: Lunch with the FT

LIFE & ARTS



LUCHFORD



Truss plans risk £60bn budget hole

● Inflation erodes 'headroom' ● Welfare and debt costs to surge ● Tax cuts bill to add pain

CHRIS GILES AND GEORGE PARKER

Surging inflation, the rising cost of government debt and Liz Truss's promises on tax cuts and defence spending will blow a £60bn hole in the public finances by the middle of the decade, according about £30bn "headroom" to spare. to Financial Times calculations. Truss, favourite to be named as prime

minister on Monday, has said she would alongside Truss's pledges to reverse stick to the government's fiscal rules on increases to national insurance, abolish planned corporation tax rises and lift debt. But the permanent tax cuts she has pledged, coupled with nasty develdefence spending, will transform the opments in the public finances, would public finances, according to the FT make that impossible. Voting in the Tory leadership contest methodology. closed at 5pm vesterday after seven

weeks of acrimonious debate, in which of Economic Affairs who has been advis-Rishi Sunak, former chancellor, claimed ing the Truss campaign, said if the fiscal Truss's economic plan was "a fairy tale". watchdog delivered a similar projection In March, the Office for Budget "it won't make any difference" to Truss's Responsibility estimated that the govplans. "I don't believe we will or should be setting policy on the basis of the ernment would meet its fiscal rules with OBR's three-year forecasts for the public But higher debt and welfare costs finances," he added.

have wiped out that headroom. This, Truss has also indicated that she would spend billions of pounds supporting vulnerable households and small businesses through the cost of living crisis, although such payments would be temporary. The FT calculations show the public on Monday

calculation, which is based on OBR finance outlook had already deterio-Julian Jessop, a fellow at the Institute rated on July 7, when Boris Johnson said

he would step down as prime minister. The outlook deteriorated further during the leadership campaign as financial markets sold off UK assets and priced in significantly higher future borrowing costs. The expectation of higher interest rates has significantly raised the expected to be expected costs of the UK's welfare paypronounced the ments and public debt, which stands at

almost £2.5tn. Since March, forecasts for inflation have been consistently revised higher as energy prices have soared. News & analysis pages 2&3

FT View page 10 Camilla Cavendish, John McTernan & Henry Mance page 11

Moment of truth Will office life ever return? **BIG READ**





Why I left London Lucy Kellaway HOUSE & HOME



A boy in Odesa paints a Russian military vehicle captured by Ukrainian forces. The west stepped up its support for Kyiv yesterday, with the G7 economies agreeing to impose a price cap on Russian oil purchases to stem the revenues fuelling Moscow's invasion.

Hours later Russia, which called the price cap "absurd", suspended flows in the Nord Stream 1 gas pipeline indefinitely, deepening fears of a European shortage and sparking fresh accusations of weaponising its natural resources. Report & analysis page 4 Lawrence Freedman page 17 Orlando Figes Life & Arts **Gillian Tett** Weekend Magazine



House & Home

Hot property Ibiza

By Maria Crawford

► Finca, San Juan, €5.2mn

Where In San Lorenzo, a village In the north of the Island about three miles inland. Ibiza Town and the International airport are 25-30 minutes away by car. What A refurbished finca (farmhouse) and guest house with a total of 650 sq m of living space, Including eight bedrooms and seven bathrooms. Why The 1.7ha plot features a pool, Mediterranean gardens and terraces with views of the surrounding landscape and the sea. Who Engel & Völkers



✓ VIIIa, Roca Llisa, €3.5mn

Where About 3km from Roca Llisa, a coastal town haifway between Ibiza Town and Santa Eulaila. What A four-bedroom, threebathroom main house and a guest apartment with an additional bedroom, bathroom, living room

and kitchen. Inside, the southfacing house has traditional floor at tiling and wooden beams; outside, there are mature gardens, a pool and sheltered terraces. Why The property's hilliside t position means it has wide views of the sea and valleys. Who Villa Contact/Knight Frank





▲ VIIIa, Slesta, €11.95mn

Where in Slesta, a hillside area across the river from Santa Eulaila, the islands third-biggest resort. The international airport is about 30 minutes by car. What A contemporary villa with more than 1,000 sg m of living space. It has six bedrooms, seven bathrooms, underfloor heating, a four-car garage with a lift and a roof terrace with a Jacuzzi. Why Glass doors open on to a 600 sq m terrace, a saliwater pool and pool house with views of the hills, town and sea. Who Engel & Völkers



VIIIa, Cap MartInet, €10.5mn

Where In Cap Martinet, just east of Ibiza Town on the south coast of the Island and less than 15 minutes' drive from its International airport. What An eight-bedroom villa with 780 sq m of living space and Interiors designed by Bruno Erpicum. It features staff accommodation, a built-in music system, home cinema, games room, pool, gym area and spa. There are terraces at each level of the house. Why The property has direct sea access and 180-degree views over the treetops towards the water. Who Sotheby's International Realty



Villa, Cala Jondal, €7.2mn

Where In Cala Jondal, a popular beach on the south coast, 11km west of Ibiza Town. What A 380 sq m villa with four bedrooms (all en suite), marble floors and underfloor heating, on a plot of more than five acres Including mature trees. The property has views of the sea and surrounding verdant countryside. Why Amenities Include a tennis court, gym, sauna, hot tub and a pool with sheltered terraces well suited for outdoor dining or poolside bars. Who Estela Exclusive Homes/ Christie's International Real Estate