Chancellor forced to raise borrowing as poor wage growth saps tax receipts

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Britain’s public finances are deteriorating despite the recovering economy, meaning more austerity may be needed after the general election to balance the government’s books.

Official data show that George Osborne was forced to borrow £31.6bn last month to plug the gap between revenues and spending, £700m more than a year ago. Mr Osborne was forecast to borrow about 12 per cent less this year than last as he ploughs on with his nine-year austerity programme to close the UK’s budget deficit. Yet so far he has borrowed 6 per cent more.

Spending is still under control, but tax receipts have grown just 2 per cent so far this year, compared with their 5 per cent growth the Office for Budget Responsibility forecast in March.

It is a strange time for public finance to worsen, because the UK’s economic recovery is the fastest in the industrialised world and is stronger than anyone expected a year ago. The unemployment rate has tumbled to 6.2 per cent, which the OBR said in March would not happen until mid-2016.

Rising employment, consumer spending and profits should be swelling the government’s tax revenues, shrinking the deficit more quickly than forecast and giving Mr Osborne a fillip before May’s general election. So why are the numbers going in the opposite direction?

One-off items help explain the shortfall. Some higher rate taxpayers switched their income from the 2012-13 to the 2013-14 tax year to take advantage of a big cut in the tax rate. That artificially inflated tax revenues for those months and tax made April to June this year worse by comparison. Receipts early last year were also flattened by a £0.6bn inflow from tax on Swiss bank accounts.

But income tax receipts are too weak

Analysis. Architecture

Irish couple cement place with Saw Swee Hock

EDWIN HEATHCOTE

The completion of the Saw Swee Hock student centre at the London School of Economics raised eyebrows in the capital this year. This powerful, characterful building expressed the complexity of its site in its faceted, oddly angled, cliff-like brick walls.

Today, O’ Donovan + Tuomey, the architectural practice behind the design, was awarded the Royal Institute of British Architects’ Gold Medal, an honour that has, in the past, been bestowed on most of the profession’s international greats, from Le Corbusier and Frank Lloyd Wright to Lord Foster and Frank Gehry.

Although the Irish husband and wife pairing, Sheila O’Donnell and John Tuomey, are among the least starry names to have received the award, their committed, carefully crafted architecture and thoughtful approach has won them many admirers inside the profession and their recent buildings beyond their native Dublin have impressed and delighted.

The Photographers’ Gallery just off London’s Oxford Street (2012) is an impressive urban intervention that has turned a dingy Soho alley into a public place, while their Lyric Theatre in Belfast (2011) is a powerful civic landmark in the terrace streets of a once-fractured city.

It was in their native Dublin, however, that the architects made their name and established their reputation for designs that were both urban and urban.

The saw Swee Hock student centre, which opened last year, is a testament to their skills. The building is a modern-day version of the traditional Dublin pub, with its rows of tables and bar, but with a contemporary twist.

The architects designed the building to reflect the character of the traditional Dublin pub, with its rows of tables and bar, but with a contemporary twist. They used locally sourced materials, such as cork and glass, to create a warm and welcoming atmosphere.

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Financial security

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