SIR PHILIP Green’s fashion group Arcadia and department store chain Debenhams face renewed opposition to their restructuring efforts as the role of a controversial rescue mechanism comes under growing pressure.

The future of Green’s retail empire hangs in the balance after it emerged yesterday that shopping centre owner Intu plans to vote against the firm’s company voluntary arrangement (CVA) – a cost-cutting insolvency process – in a crunch vote today, putting the mogul’s fashion brands at risk of administration.

Separately, Sports Direct owner Mike Ashley ramped up the pressure on Debenhams by launching a legal challenge to the firm’s CVA, it was revealed yesterday. The move is understood to have the backing of at least one landlord.

CVAs, which aim to stave off the threat of administration, have been used by retailers to slash rents, close stores, and even reduce tax bills – in some cases triggering outrage from landlords and councils.

Intu’s plan to reject Arcadia’s CVA proposals, first reported yesterday by Sky News, throws the outcome of this afternoon’s vote into fresh doubt just a week after Green decided to postpone the ballot in a bid to win over the group’s landlords.

The vote on Arcadia, which includes brands such as Topshop and Dorothy Perkins, requires 75 per cent approval from creditors in order to get the green light.

“From the landlord perspective, this is turning into a bit of a bluffing game,” said Richard Lim, an industry expert and chief executive of Retail Economics.

He told City A.M.: “Landlords cannot be seen to take this lying down. If they’re seen to accept every CVA, then obviously they put themselves in a very weak negotiating position. There has to be some point where they have to show their strength and try to negotiate on better terms.”

Meanwhile, the legal bid from Sports Direct, which had its 29 per cent stake in Debenhams wiped out after the firm fell into the hands of its lenders, marks Ashley’s latest move in a hard-fought tussle for control of the high street brand.

Sports Direct’s attempt to block the CVA came just hours before a 28-day window to appeal the insolvency process expired.

Debenhams executive chairman Terry Duddy branded the attempts as “an unnecessary distraction as we implement our restructuring plans”. Ed Cooke, chief executive of Revo – a membership organisation for retail property – added: “Property owners, including pension funds, are the creditor group bearing most of the pain and in many cases are voting in favour of CVA proposals simply because there is no realistic alternative.”

Sports Direct declined to comment.
Landlords start to fight the rising tide of CVAs

S THIS the week Britain’s retail landlords fight back? After a slew of company voluntary arrangements (CVA) from the likes of Carpetright, Mothercare, New Look and House of Fraser, it seems there are only so many controversial rescue deals that high street property owners are willing to stomach. Today, the biggest and most high-profile CVA of all — that which is set to decide the fate of Sir Philip Green’s retail empire — will return to the spotlight. If the vote goes ahead, the outcome will be exceptionally tight. Over the last seven days Green and his Arcadia directors have been frantically scrambling to shore up from landlords, pledging lower rent cuts at a personal cost of £9.5m to the tycoon’s family wealth. But news yesterday that shopping centre owner Intu, which has the biggest single voice at today’s meeting, is planning to vote against the revised proposals means Green’s chances of winning enough support from creditors hangs by a thread. There is the very real possibility Green could once again look to delay today’s vote, having seen he still does not have enough support, in a repeat of what happened last week. Much could depend on which way developer Land Securities chooses to vote. In many respects, landlords face a lose-lose situation in today’s crunch meeting. If they approve the Arcadia CVA, they are agreeing to a swathe of rent cuts and potentially opening the floodgates to many of their other high street tenants demanding rent renegotiations. Yet if they block it, they run the risk of a tenant in their store, thereby risking vacancy and losing their rent altogether. Elsewhere in the world of CVAs, several landlords (along with Mike Ashley) are said to have been putting their weight behind challenges to the Debenhams restructuring plan which was passed last month. That these retaliations are finally gaining steam is of little surprise in the context of the last 18 months: according to Colliers, nearly 900 stores covering 6m square feet have already become or are set to be vacant as a result of CVAs voted through since the start of 2018. But if the alternative to a CVA is an administration that would likely include even more closures, then landlords looking to reject the rescue plans should be careful what they wish for.

Creditor rejecting Arcadia’s CVA should be careful what they wish for

Creditors rejecting Arcadia’s CVA should be careful what they wish for — the consequences of such a decision could be historic. If the CVA is rejected, landlords could lose their most valuable tenant, the Debenhams, thereby risking vacancy and losing their rent altogether. Elsewhere in the world of CVAs, several landlords (along with Mike Ashley) are said to have been putting their weight behind challenges to the Debenhams restructuring plan which was passed last month. That these retaliations are finally gaining steam is of little surprise in the context of the last 18 months: according to Colliers, nearly 900 stores covering 6m square feet have already become or are set to be vacant as a result of CVAs voted through since the start of 2018. But if the alternative to a CVA is an administration that would likely include even more closures, then landlords looking to reject the rescue plans should be careful what they wish for.
Labour launches Commons plan to block no-deal

The party will force a vote in parliament this afternoon to make it possible for MPs to introduce legislation on 25 June ruling out a no-deal exit from the European Union.

The plan has the support of other opposition parties, including the SNP and Lib Dems, and also the Conservative MP Oliver Letwin.

The UK is set to leave the EU without a deal on 31 October unless a new agreement can be reached, MPs pass the deal agreed by outgoing PM Theresa May, or Brussels grants another delay.

Brexit has dominated the race to succeed May in Downing Street, with candidates such as Boris Johnson and Andrea Leadsom vowing to take the UK out of the EU by the end of October with or without a deal.

Michael Gove and Mark Harper are among those who believe another extension may be necessary to renegotiate the terms of the UK’s departure. Former Brexit secretary Dominic Raab has suggested he could effectively cancel parliament in the run up to 31 October to prevent MPs blocking a no-deal Brexit.

Shadow Brexit secretary Sir Keir Starmer said: “The debate on Brexit in the Tory leadership contest has descended into the disturbing, the ludicrous and the reckless.

“None of the likely candidates for the top job has a credible plan for how to break the deadlock before the end of October.

“Instead, we have witnessed candidates openly advocating a damaging no-deal Brexit and even proposing dragging the Queen into politics by asking her to shut down parliament to achieve this.

“MPs cannot be bystanders while the next Tory Prime Minister tries to crash the UK out of the European Union without a deal and without the consent of the British people.

“That’s why we are taking this latest measure to end the uncertainty and protect communities across the country.”

New harassment claims emerge as Lloyd’s of London scandal deepens

ALEX DANIEL
@alexmdaniel

A FRESH round of sexual harassment claims yesterday intensified the scandal engulfing Lloyd’s of London.

Tokio Marine Kiln (TMK), one of the market’s top insurance firms, has launched an investigation amid claims two executives harassed colleagues.

Allegations are believed to include one executive groping colleagues and making lewd sexual remarks.

The allegations are said to have come to light after several colleagues contacted TMK senior lawyer Ifeanyi Okoh, who passed on their claims to management in April. A police spokesperson told City A.M. the force had received two allegations of sexual harassment in the workplace. One case, they said, has now closed after police spoke to the alleged victim, a man in his thirties.

But the second, which included “bullying”, is ongoing. Officers have thus far been able to contact the alleged victim, a woman in her thirties. “If any allegations are received, the case will be transferred to City of London police.”

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City watchdog due to publish report into RBS GRG tomorrow

ALEXANDRA ROGERS
@alexandra_rogers

THE CITY watchdog is due to release its highly-anticipated report into why it was unable to take action against senior figures within RBS’ controversial GRG turnaround unit.

The Financial Conduct Authority (FCA) confirmed yesterday that it would release the report tomorrow morning. RBS’ GRG unit was supposed to help struggling businesses, but instead stands accused of stripping their assets in an attempt to shore up its own balance sheet.

The findings originally came to light in a probe by independent investigators Promontory, which found “widespread inappropriate treatment” of customers by the GRG.

In stage two of its investigation, Promontory proposed to look at the “root causes” of the GRG misconduct, but the investigation was taken in-house by the FCA which said it would proceed straight to enforcement. The FCA then said it lacked the powers to discipline RBS.

AIMING FOR THE STARS Musk remains bullish on a ‘record quarter’ for Tesla

TESLA boss Elon Musk said it has a “decent chance” of scoring a record quarter, with the carmaker on track to hit its production goal by the end of 2019. Deliveries fell 31 per cent in the first quarter, sparking concerns about the possibility of a profit.

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WEDNESDAY 12 JUNE 2019

NEWS

May backs bill calling for UK to hit net zero emissions by 2050

AUGUST GRAHAM @AugustGraham

CAMPAIGN groups praised the Prime Minister yesterday after she announced a new effort to eliminate the UK’s contribution to global warming by the middle of century.

A government bill, due to be introduced today, will put Britain on a path which is the most ambitious of any G7 economy, Theresa May said last night.

It calls for the country to reach net zero emissions by 2050.

The targets are being adopted by the government after they were recommended by its advisers, the Committee on Climate Change (CCC).

Last week, a leaked letter from chancellor Philip Hammond warned May a net zero target could cost the economy more than £1 trillion.

Lord Deben, who chairs the CCC, said it was now vital that the government backs up its commitment with credible policies.

May said the country must go “further and faster” to protect the environment.

The targets are in line with a scientific consensus that to have a realistic chance of limiting global warming to 2°C above pre-industrial levels, CO2 emissions need to reach net zero around 2050.

She added that the country must go further to protect the environment, and then the government will work with other countries to ensure the entire world reaches net zero by 2050.

The bill will also require the government to publish an annual overview of progress towards net zero along with a strategy setting out how the UK will achieve the target.

Before the 2010 election, the Conservative-Liberal Democrat coalition had committed to legislating for a net zero target by 2050, but not one was introduced.

Tinkler says he’ll put Stobart fight behind him as appeal bid is refused

JAMES BOOTH @JamesBooth1

FORMER Stobart boss Andrew Tinkler said he was putting his courtroom battle with the company behind him after a court refused him permission to appeal yesterday.

Tinkler told City A.M.: “I’ve always said I was about to move on, I thought it was only right trying to go for the appeal, all I was trying to do was protect shareholder value over that period.”

In February, a judge ruled that Tinkler had made “serious” breaches of his duty as a director.

Tinkler had tried to oust the management of the Southend Airport owner, accusing them of destroying shareholder value.

He was supported by trader Neil Woodford in his unsuccessful bid to eject chair Iain Ferguson, to replace him with Edinburgh Woollen Mill boss Philip Day.

The Court of Appeal yesterday refused Tinkler permission to appeal against the February judgment.

Tinkler said: “He said he believed there was still “value in the business,” despite its recent share prices woes.

Stobart’s share price rose 2.9 per cent yesterday to 106.6p.

HARRY ROBERTSON @henrygrobertson

THE UK UNEMPLOYMENT rate stayed at its near-record low level of 3.8 per cent in the three months to April, according to official statistics released yesterday, as the jobs market shrugged off Brexit uncertainty.

Record numbers in work helped push up wages, which rose 3.4 per cent in the three months to April. This was up from 1.1 per cent in three months to March, the Office for National Statistics (ONS) said.

The figures will please policymakers after suggestions from some economists that Britain’s bright jobs picture may have turned in April as prolonged political uncertainty dragged on the figures.

Monday’s GDP data from the ONS revealed the UK economy shrank 0.4 per cent in April as car production collapsed.

Yet Britain’s unemployment rate has not been lower since the end of 1974, the ONS said.

The wage increase beat the expectations of economists, who had predicted a rise of 3.1 per cent. It takes the real wage rise – which is adjusted for inflation – to 1.5 per cent.

Sterling climbed against the dollar on the positive news. It finished the day 0.3 per cent higher to buy $1.2728.

However, the number of vacancies fell in the three months to May, the ONS said, indicating that the rate of employment could soon slow.

Tej Parikh, chief economist at the Institute of Directors, said: “The buoyant labour market is still going strong for the UK economy, even as it weathered widespread political uncertainty.”

“Businesses’ avid appetite for new hires has drawn many out of unemployment and inactivity into work, which has provided uplift to household incomes,” he said.

“However, the employment boom cannot last forever, and is certainly showing signs of softening,” he added.

“Business leaders are finding it harder to recruit as the supply of talent shrinks, and wage growth has failed to sustain the heights we saw earlier this year.”

TELLY SALES

Channel 4 revenue rises as digital growth offsets viewing figures slide

CHANNEL 4 has posted a modest rise in revenue for the year despite a “challenging” environment and a decline in traditional viewers. The broadcaster reported revenue of £975m in 2018, thanks to a rise in digital viewing of hit shows such as Derry Girls.

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May said the country must go “further and faster” to protect the environment.
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**Amazon shuts service for restaurant delivery in US**

Amazon said yesterday it would end its restaurant food delivery service in the US later this month, giving in to intense competition from Grubhub, Doordash, and Uber’s Uber Eats service. Amazon Restaurants was launched in 2015 in Seattle and was designed to give Prime members a way to order meals, apart from products and groceries, through the e-commerce giant. The service was expanded to more than 20 US cities and later to London. However, the company ended the program in London last November. However, Amazon still has ambitions in food delivery. In May, the company took a stake in UK online food delivery company Deliveroo, leading a $575m (£424m) funding round.

**Dropbox overhauls its strategy to rival Google**

Software giant Dropbox reinvigorated its platform yesterday as it attempts to present a significant challenge to the likes of Google and Microsoft in managing the way workers collaborate with one another. It merged its services into one desktop app, and announced new deals with Slack, Gsuite and Zoom that will help encourage users to spend more time within the Dropbox platform. Technology boss Quentin Clark told City AM: “The move was an evolution” for Dropbox as it continues to scale and take market share. Through Dropbox added a few features of its own making yesterday, Clark said the firm will seek to continue partnerships as a means of innovation for the foreseeable future.

**US formally asks UK to extradite Julian Assange**

The US Justice Department has formally asked Britain to extradite Wikileaks founder Julian Assange to the United States to face charges that he conspired to hack US government computers and violated an espionage law, the UK has confirmed. “Mr Assange was arrested in relation to a provisional extradition request from the United States of America. He is accused of offences including computer misuse and the unauthorised disclosure of national defence information,” a spokesperson for the Home Office said. US and British security sources said US prosecutors sent the formal extradition request to UK authorities last month, shortly before the expiration of a legal deadline.

**FTSE 100 bosses opt to stay put in uncertain times**

FTSE 100 bosses are staying in post for longer and more firms are turning to internal candidates when replacing chief executives.

The chief executive officer (CEO) merry-go-round slowed down last year as turnover fell to just 10 per cent among FTSE 100 firms, recruitment firm Robert Half said.

The average tenure of bosses rose by four months to five years and six months in the twelve months to 31 March 2019, the first rise in three years. The findings also revealed that 70 per cent of new bosses came from internal promotions last year as firms put their faith in insiders.

Advertising giant WPP replaced Sir Martin Sorrell with company man Mark Read over the period, while insurance firm Aviva hired Maurice Dwyer, with the company since 1992, to take over from Mark Wilson.

It takes the total of internally-promoted chief executives in the blue-chip index to 46 per cent, compared to 40 per cent in 2017.

**Financial services jobs could be slashed amid rise of the robots**

Financial services jobs could be slashed amid rise of the robots, rising to nearly half for insurance companies. This compares to a global average of roughly a third.

“Sectors such as insurance are investing heavily in automation, with over half of IT leaders in this sector reporting that they are either piloting or implementing AI or machine learning,” said Albert Ellis, chief executive of Harvey Nash. Despite the threat, the majority of respondents in the banking and insurance sectors said they believed new jobs will emerge to compensate for the losses.
Digital tech sector now accounts for a fifth of all British job vacancies

JAMES WARRINGTON
@j_a_warrington

JOBS IN the digital sector now account for 20 per cent of all vacancies in the UK as the boom in the tech economy shows no signs of slowing.

There were 1.7m digital tech job openings across the country this year, with tech now a major employer in some of the UK’s biggest cities.

Research published by the government’s Digital Economy Council revealed that while London remains a hub for the UK’s digital economy, the tech sector is beginning to spread into new areas.

In Cambridge, half the working population is employed in the digital tech sector, while in Reading the sector employs a third of the workforce.

Now Oxford, Belfast and Newcastle are climbing up the ranks as well, with more than 10 per cent of the population employed in tech.

“We are one of the best places in the world to start and grow a tech business and this new data shows the success is bringing good jobs and helping spread prosperity across the country,” said digital secretary Jeremy Wright.

“We are determined to seize the future opportunities for technology to improve people’s lives by investing heavily to boost the nation’s digital skills.”

The report also highlighted the value of tech jobs, which offer salaries on average 10 per cent higher than other industries.

While tech-driven roles are at the heart of the boom, the rise of digital tech companies has also driven demand for staff with broader skills such as consulting, accountancy and public relations.

TOY STORY Dollmaker Mattel rejects a merger bid from rival MGA Entertainment

BARBIE creator Mattel has rejected an unsolicited merger offer from privately-held rival MGA Entertainment. MGA-chief Isaac Larian told the LA Times last night he had renewed an offer to merge the companies, after an initial bid a year ago.

City enquires on market move

ALEXANDRA ROGERS
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THE CITY of London Corporation is launching a public consultation on the floated move of three of its historic wholesale food markets in Smithfield, Billingsgate and New Spitalfields.

In April, the Corporation’s main decision-making body, the Court of Common Council, chose a site in Dagenham Dock as its preferred location for the three markets.

The Corporation said bringing the three markets together in one site will help tackle traffic congestion and improve air quality. It says it will also provide tenants with better facilities to grow their businesses.

US presses Saudis for an update on Khashoggi

STEPHEN KALIN

THE TRUMP administration is pushing Saudi Arabia to show “tangible progress” toward holding to account those behind the killing of Saudi journalist Jamal Khashoggi and wants them to do so before the one-year anniversary of his murder.

A senior administration official said.

Pushing back against critics who have accused US President Donald Trump of letting the Saudis off the hook after Khashoggi’s death, the official told Reuters this week the message to the kingdom is that it remains a “very hot issue” and “they need to take it seriously.”

Republican and Democratic lawmakers, citing evidence of Saudi Crown Prince Mohammed bin Salman’s role in the Khashoggi case and incensed over the civilian toll from the Saudi air campaign in Yemen, have ramped up efforts to block Trump’s arms sales to Saudi Arabia.

The official, speaking on condition of anonymity, said the Saudis needed to complete their investigation and take action ahead of the anniversary but did not specify any consequences if they failed to do so.

The Trump administration has so far taken only minimal steps.

Khashoggi, a Washington Post columnist and US resident who had become a vocal critic of the prince, disappeared after entering the Saudi consulate in Istanbul on 2 October. Eleven Saudi suspects have been put on trial in secretive proceedings but only a few hearings have been held since January.

“There will be increased sensitivity around the anniversary,” the official said. “It would be in everyone’s best interest to have some tangible progress by then.”

The CIA has determined with “medium to high confidence” that the Crown Prince, commonly considered de facto ruler of Saudi Arabia, ordered the killing, US government sources have said.

The spy agency has continued to monitor and gather information but is not conducting a full-scale inquiry, a US official said.

Mobile operators call for clarity over UK’s position on Huawei

JAMES WARRINGTON
@j_a_warrington

THE UK must clarify its position on Chinese tech firm Huawei or risk losing its position as a world leader in the telecoms market, mobile operators have warned.

In a letter which will be sent to cabinet secretary Mark Sedwill, seen by The BRC, the firms reportedly urged the government to reach a decision on whether or not Huawei equipment will be permitted in the UK’s 5G network.

The operators warn they cannot invest in infrastructure while uncertainty over the use of Chinese technology persists.

The letter, which could be sent as early as this week, also asked for an urgent meeting between industry leaders and the government, according to the broadcasters.

Details leaked from a national security meeting earlier this year revealed the UK was considering allowing Huawei to participate in non-core parts of the country’s 5G network.

The government has not confirmed these reports and has said it will issue its verdict in an upcoming telecoms supply chain review.

Foxconn has capacity to handle iPhone demand outside China

YIMOU LEE

FOXCONN, the world’s top contract electronics assembler, said yesterday it had enough capacity outside China to meet Apple’s demand in the American market if the need should arise for the iPhone maker to adjust its production lines due to the US-China trade war.

The comments come as US President Donald Trump has threatened to slap further tariffs on $300bn (£235.7bn) worth of goods from China – where the bulk of Apple’s devices are assembled.

The country is also a key market for the firm.

Euro investors worry on trade war escalation

HARRY ROBERTSON
@henrygrobertson

INVESTOR confidence in the Eurozone economy fell much more sharply than expected in May as markets weighed up the escalation of the US-China trade dispute, a survey showed yesterday.

Sentix, which gathered the survey data, said the Eurozone economy was “once again on the threshold of recession”.

The overall index, which measures how confident investors are in the euro area’s economy, fell eight points in May to minus 3.3.

Economists had expected a positive score of 2.9.

In Germany, the investor confidence index registered its lowest score since 2010. Sentix said: “A recession is therefore just around the corner.”

Yet the European Central Bank (ECB) predicts Eurozone growth of 1.2 per cent in 2019.
CALLUM KEOWN
@CallumKeown1

HONG Kong billionaire Samuel Tak Lee has launched legal proceedings against Shaftesbury, one of London's largest landlords, over a controversial capital raise, the company revealed yesterday.

West End property group Shaftesbury said Lee, its largest shareholder, was suing the company over a share placing in December 2017, seeking £10.4m in damages.

The pair have been embroiled in a public and heated dispute over the past 18 months.

Lee, who owns a 26 per cent holding worth £700m, claims Shaftesbury's board approached rival shareholder Norges Bank more than a month before the capital raising, but only notified him on the morning of the announcement.

The property magnate, who threatened legal action earlier this year, said he was left with just hours to secure finance to acquire new shares and maintain his own stake.

Shaftesbury, which owns huge swathes of West End areas such as Carnaby Street and Chinatown, has denied any attempts to actively reduce Lee's stake and said yesterday that the claims had no merit and would be robustly defended.

**Bellway posts strong sales rise hours after fire**

CALLUM KEOWN
@CallumKeown1

HOUSEBUILDER Bellway reported strong sales growth and said it was on track for an earnings boost yesterday just hours after a fire devastated one of its developments.

The FTSE 250 firm reported a 4.7 per cent jump in reservations over the period from 1 February to 2 June, to an average of 244 per week.

The developer also said it had acquired 10,620 “financially attractive” plots of land – an increase on the previous year – to keep it on course to meet next year's growth targets.

It added that customer confidence was “resilient” despite ongoing political uncertainty, and that the cancelation rate since 1 August had dropped 13 per cent in March to 12 per cent at the beginning of June.

Chief executive Jason Honeyman said: “Going forward, we are on track to deliver further earnings growth this financial year and beyond that, our strong balance sheet ensures that Bellway is in a good position to continue its long term strategy.”

Its forward order book also rose 2.7 per cent to 6,312 homes.

The trading update came after a fire devastated a Bellway development in Barking on Monday, destroying 20 flats with wooden balconies and damaging a further 10.

Residents had previously raised concerns with the company over potential fire hazards, according to reports.

A residents’ association group urged Bellway to review the De Pass Gardens flat after a BBC Watchdog investigation last month claimed Persimmon and Bellway new-build homes were not fire safe.

Bellway said it was a “very serious issue” and it was working to establish what happened.

A company spokesman added Bellway was “relieved that the fire protection measures... ensured that occupants were safely evacuated”.

The developer ignored the fire in its trading update, instead focusing on its financial results.

Despite the positive numbers, shares in the company dropped more than one per cent to 2,796p in the aftermath of the blaze.

**European builders lead the way in use of robots in construction**

ALEX DANIEL
@alexmdaniel

EUROPE’s construction sector is streets ahead of the US and China when it comes to the use of robots, according to research – but Britain remains in the slow lane.

Building sites in Eurozone countries average 1.2 robots per 10,000 workers, higher than the US, which has 0.2, and China, with 0.1.

A report by ING found there is a significant difference within European countries, however – with Britain trailing behind the likes of the Netherlands and Belgium.

Britain only has 0.3 robots per 10,000 workers, while the Netherlands and Belgium have 1.5 and Germany has 0.8.

ING senior economist Maurice van Sante said: “European builders are frontrunners when it comes to robotisation. However, there is still variation between European countries. High wage costs in these countries [Belgium and Netherlands] mean that robotisation is more likely to be financially attractive.”
US President Donald Trump has repeatedly attacked the US central bank

Trump attacks euro and repeats criticism of US Federal Reserve

HARRY ROBERTSON
@hennyrobertson

US President Donald Trump yesterday accused the Eurozone economies of devaluing the single currency to put the US at a disadvantage, and renewed his attack on his country’s central bank.

Trump said on Twitter: “The euro and other currencies are devalued against the dollar, putting the US at a big disadvantage. The Fed Interest rate way too high, added to ridiculous quantitative tightening!”

They don’t have a clue!” Trump has repeatedly called on the Fed to cut interest rates, which he has said would make the economy “rocket”. Yesterday, he claimed the central bank’s rates policy was “very, very destructive”.

Last week official data signalled that the US jobs boom was slowing, which could encourage the Fed board to consider an interest rate cut when it meets next week.

Trump also tweeted yesterday: “The United States has VERY LOW INFLATION, a beautiful thing!”

Crest Nicholson reports profit slump on continued Brexit uncertainty

JESS CLARK
@jclarkjourno

CREST Nicholson reported a fall in half-year profit yesterday as Brexit uncertainty kept house prices flat across the south of England.

Revenue was £501.9m, up seven per cent on the same six-month period last year 2018 while profit before tax fell 11 per cent to £64.4m. The company had net cash of £25.6m, less than the £58.2m it had in 2018, and net debt was £68.3m. Basic earnings per share were 20.2p, down 12 per cent. The dividend per share remained the same at 11.2p, the company said in its half-year results.

The property developer is shifting its business from the high-end, south-east England-focused housing market to a focus on partnerships.

During the six months, the housebuilder partnered with the Sovereign Housing Group in a £230m joint venture in Bristol.

Last year, Crest Nicholson issued its third profit warning in three years, blaming the difficult market and uncertain political environment.

The company announced earlier this year that chief executive Patrick Bergin would be replaced by boss of rival firm Galliford Try in September.

The UK mortgage market enjoyed a solid start to the year as residential lending and new mortgage commitments both rose.

The outstanding value of all residential mortgage loans rose to £1.45bn in the first quarter, a 3.4 per cent rise on a year earlier.

The value of new mortgage commitments also rose 4.5 per cent to £63.8bn, the Bank of England’s latest mortgage lenders data revealed yesterday.

Mortgage loans with a loan to value (LTV) ratio of more than 90 per cent increased to 4.5 per cent, compared with 3.1 per cent the previous year, despite the Prudential Regulation Authority airing its concerns over “risky lending”.

The proportion of high loan to income lending – loans higher than four times the annual income or three times for joint buyers – rose 0.8 percentage points to 45 per cent.

Private Finance mortgage consultant Chris Sykes said high LTV lending should not be written off as “risky practice”.

He said: “For many first-time buyers high LTV loans are their only route onto the property ladder, and with today’s stringent affordability checks in place, this should be seen as a viable choice.”

However, the total loan balances in arrears continued to fall, reaching 0.99 per cent – the lowest since the Bank’s research began in 2007.

Managing director of mortgage provider Responsible Lending, Keith Haggart, said “opportunistic” first-time buyers were taking advantage of high LTV mortgages.

He said: “There is a developing trend which means buyers are borrowing over longer periods, and this can drive up the LTV, helping them to keep more cash in their pocket.

This means that what first appears to be a case of first-time buyers shrugging off the Brexit gloom and borrowing more, is actually really just a case of putting down smaller deposits.

“This may be because they want more flexibility in their household finances,” he added.
Waitrose goes plastic-free as Britons flock to greener pastures

SUPERMARKET chain Waitrose has begun a trial to cut down on plastic packaging by removing it from flowers and plants, offering loose fruit and vegetables and allowing customers to refill their own containers with produce such as pasta, rice and cereals. In a UK first, customers can also “borrow a box” to take their produce home for £5, which is refundable once returned.

Large brands are increasingly changing their plastic policies in response to growing public sentiment on the issue. Recent YouGov research found that a quarter (25 per cent) of Britons (66 per cent) feel guilty about the amount of plastic they use and the majority (82 per cent) are actively trying to reduce the amount they throw away. Additionally, the most common items where Brits are trying to reduce single-use plastic consumption are fresh fruit and vegetables (81 per cent).

A YouGov poll last week revealed that although most consumers would still prefer to buy individual packets of food (39 per cent), over a third (34 per cent) would prefer to use containers to buy and refill dry goods as now offered by Waitrose proving there is an interested market. This option is most popular with 18 to 24 year olds (42 per cent).

Since the trial was announced last week, YouGov Brandindex data shows a positive impact on Waitrose’s brand. Buzz scores (a net measure of whether consumers have heard anything positive or negative about the brand in the last fortnight) increased from +5.8 to +9.4, and by 6.8 points among the 18 to 34 age range (from +6.7 to +13.5). It’s clear that brands which help consumers reduce their use of plastic provide something of real value to a public that has become very aware of the damage they cause.

Shops that can provide more eco-friendly options could also become more popular with younger audiences. Waitrose’s Word of Mouth Exposure score (whether someone has talked about the brand with friends and family) spiked on around £1.4 in the last two weeks) increased from +8.3 to +10.2 since the trial began, suggesting that the initiative has resonated enough with consumers to be a topic of discussion.

Stephan Shakespeare is chief executive of YouGov.
Ted Baker share price frays as it warns on profit

TED CLARK
@jclarkjourno

TED BAKER’s share price plunged nearly 30 per cent yesterday after the fashion retailer warned on profit amid “extremely difficult trading conditions”.

The company said underlying profit before tax for the year ending 25 January 2020 is likely to be between £50m to £60m, compared to a company compiled consensus of £70.9m. Ted Baker blamed the negative outlook on consumer uncertainty and increased promotional activity, which it expects will continue to impact its trading performance.

It reported a 3.8 per cent increase in group revenue between 27 January and 8 June in the trading update yesterday. Meanwhile, total retail sales, including e-commerce, declined 0.3 per cent.

The profit warning arrived as the retailer attempts to move on from a misconduct scandal that saw founder Ray Kelvin leave the firm.

Finance chief Lindsay Page replaced Kelvin in April after the firm posted its first annual profit drop since the financial crisis.

Page said: “As a team, we are proactively addressing the challenges we face as an industry.

“Several of our new product initiatives will commence imminently and we are confident in our collections for the coming season.”

Due north: Compass snaps up Nordic food firm in €427m deal

JAMES BOOTH
@JamesBooth1

FTSE 100 catering business Compass said yesterday it had agreed to buy food business Fazer Group in a €475m (£422m) deal.

Fazer Food Services has operations in Finland, Sweden, Norway and Denmark across several sectors including business, industry, education, healthcare and defence.

Compass chief executive Dominic Blakemore said the deal would allow the company “to further enhance our customer proposition in the Nordic market.”

It said the deal will achieve returns greater than the cost of capital by the end of its second year.

Ryanair grows with launch of Maltese branch

CHRIS SCIOLUNA

RYANAIR agreed yesterday to establish a Malta-based carrier to grow its presence on the island and access to North Africa, adding another subsidiary to its group of airlines.

Ryanair has been moving to a structure similar to that of British Airways-owner IAG by operating an increasing number of subsidiaries, including Austrian and Polish airlines Laudamotion and Ryanair Buzz, as well as its main Dublin-based Ryanair.

After the Maltese government said it was in advanced talks with Ryanair about setting up the subsidiary, the Irish airline announced it would do so through the purchase of Maltese startup Malta Air, into which it will move its six aircraft currently based in the country.

“Malta Air will proudly fly the Maltese name and flag,” Ryanair chief executive Michael O’Leary said in a statement.

Europe’s largest low-cost airline said it planned to increase its fleet on the island to 10 aircraft within three years and rebrand them as Malta Air for summer 2020.
He: the front pages of weekend newspapers began to spill online last Friday night. I realised a story I had been working on for a year was about to explode.

Gove: My cocaine confession was the most stark headline, accompanied by the first instalment of a serialisation of my unauthorised biography of the environment secretary. The book contained the revelation that during the preparation for his 2016 leadership bid, Gove admitted to aides he had previously taken cocaine. He was advised not to reveal that in public, and instead use the so-called David Cameron defence that everyone is entitled to a private life before entering politics.

When the story was put to Gove, he admitted he had taken the drug on “several social occasions” – leading a host of Sunday newspapers to splash the story on their front pages too.

The story dominated the weekend’s news agenda and ultimately overshadowed Gove’s leadership campaign launch on Monday.

For Gove, it was a devastating – perhaps fatal – blow to his hopes to succeed Theresa May as Conservative leader. While he was answering questions at his leadership launch about his past drug use, foreign secretary Jeremy Hunt was able to build his own campaign around the unveiling of two high-profile new backers: work and pensions secretary Amber Rudd and defence secretary Penny Mordaunt.

Since the revelations, no new MPs have announced their support for Gove, and his pitch as being the man to stop the frontrunner – Boris Johnson – is faltering.

Gove is determined to get his campaign back on track, and there is no doubt he has the character and tenacity to succeed.

Unlike others in the so-called “Notting Hill set” of young Tories who sought to reform the party at the beginning of the millennium – David Cameron, George Osborne and Ed Vaizey – Gove did not come from great wealth or a family connected to the British establishment.

Born Graeme Logan on 26 August 1967, he was adopted by an Aberdeen couple, Ernest and Christine, when he was four months old.

The Gove family earned their living in the sea, with Ernest running the family fish processing business. Recognising Gove’s prodigious talents – he was a voracious reader and sparkling debater – the family sent their son to a private school in Aberdeen, from which he went to Oxford University.

After university, he entered the world of journalism, but whereas his contemporaries Boris Johnson and Owen Paterson went straight into politics, Gove entered the world of business, working in media and politics, and once the conversation moves on to policy and competency, he will be victorious.

There are some signs of hope. Johnson has yet to submit himself to a grilling from the media, and he has questions to answer about his own past behaviour. Hunt may have assembled a broad church of supporters, but it will be interesting to see if he can keep the Eurosceptic Brexit-backing Rudd and the Remain-supporting Rudd and the Brexit-backing Mordaunt. Javid’s campaign is yet to crank into life, while Hancock may be a little too junior for Tory MPs and members looking for a strong hand on the tiller at this time of national crisis.

Gove could bounce back. He has fought the backbenches after betraying Johnson in 2016 – but making it to the final two in this race would be one of the greatest achievements of an already-successful political career.
I can beat Boris and I will stick up for the City

Rory Stewart tells Alexandra Rogers why big tent politics can make him PM

ORY Stewart may have walked through the Afghanistan desert, written several books and even served as a deputy governor in Iraq during the war, but the greatest challenge of his career to date could be far closer to home: beating Boris Johnson.

The international development secretary’s softer stance on Brexit and conciliatory approach has forced people to question whether he can take on Johnson’s soundbites, which so far include withholding the UK’s £39bn divorce bill and leaving the EU with or without a deal come 31 October.

But Stewart, an outsider in the race who has upped his profile with a social media campaign targeting ordinary voters, does not share their scepticism. He believes he is the only candidate who is able to take on Johnson, the undisputed frontrunner in this race.

Having secured the support of the eight MPs needed to make it to the first round of the contest, Stewart told City A.M. he can find the 17 needed to progress to the next stage.

“I’m getting more and more support and I am confident I can make it to the second round,” Stewart says. “If I can get to the TV hustings stage, that’s where I can perform. That’s where my strengths are. I can out-communicate Boris.”

Certainly, Stewart has pitched himself as the antithesis to Johnson. “I am the only candidate that is acknowledging reality,” he says. “Everyone else is pretending they can get a different deal from Brussels, and they will end up letting everyone down.”

Stewart claims his refusal to unveil any “fancy” spending plans places him apart from his rivals. Johnson caused a stir on Monday when he pledged to increase the higher rate income tax threshold to £80,000, in a move that would benefit 3m people.

Foreign secretary Jeremy Hunt has come out with his own hawkish proposal to increase defence spending above the current two per cent of GDP, while environment secretary Michael Gove has vowed to ditch VAT.

“I won’t spend money we don’t have,” Stewart – who counts Bank of England governor Mark Carney as a friend – declares. “Tax cuts have to be affordable and to do that we have to avoid a no-deal Brexit. The impact of a no-deal Brexit would far outweigh any of the fancy economic policies the other candidates are coming out with. Our brand is for economic competence, and we need to defend that.”

One thing he says the country needs to be less defensive about is the success of the City. Stewart rejects the notion that the capital has received too much investment. On the contrary, he thinks it hasn’t had enough.

“I’m really proud of the City of London,” he says. “If I look at things that drive this country, it is the City itself. We shouldn’t be defensive about it, we should embrace it.”

Stewart could have hardly chosen a more fitting place to join this crowded leadership race than the South Bank circus that hosted his launch last night. But the Tory who welcomes everyone into his tent will have to pull some tricks out the bag if he wants to win over his own troupe.
BACK TO BASICS

Richard J Hunter looks at the basics of investing and discusses what new investors should be taking into consideration

Richard J Hunter is Head of Markets at interactive investor

Funds to invest are sufficient – there is also the need to consider geographical diversification.

Growth opportunities exist everywhere. The recent correction in markets worldwide threw up some interesting buying opportunities.

Also, the economies of the likes of China and India continue to grow and certain developing countries' shares have shown significant growth.

One such way to access overseas shares could be via a fund, which will invest in a basket of shares, rather than investing in overseas shares directly, which can be more expensive. Alternatively, Exchange Traded Funds (ETFs) are now widely available to track a certain country and/or index.

There is also the need to consider diversification between what are known as "defensive" and "cyclical" shares. Defensive shares are best described as being industries which are largely unaffected by different parts of the economic cycle, because they provide certain services.

For example, the utility companies are classically defensive shares. Whatever the state of the economy, we all continue to need water, electricity and gas.

Other sectors, however, are more cyclical by nature, and their fortunes will change as time goes on.

For example, at certain times during the economic cycle, the makers of luxury goods and certain retailers will benefit from the consumers' feel good factor.

Conversely, when things turn tough, so can the performance of these companies. The key thing to remember is that by spreading your choices, you have some protection if certain parts of your portfolio underperform. This is not to have all your eggs in one basket. As the old saying goes, "Diversification is key."
We must act now to save our high streets across the UK from total collapse, writes Andy Street

For decades, the local high street has been the jewel in the crown of UK towns and cities, boasting an array of thriving local businesses and big-name stores. However, an outdated business rates system, coupled with the rise of online retail giants, has left them in grave danger.

This is a watershed moment for our high streets, and we must act now to save them. A first step in any response must be overhauling business rates which, at best, are past their sell-by date.

The current system – which we must not forget makes up only four per cent of overall taxation – penalises those businesses which rely disproportionally on having large properties, not least retailers and manufacturers.

There have been some valiant attempts to address this. In the autumn budget of 2018, Philip Hammond announced a one third relief for businesses with a rateable value of under £51,000. This was welcome news for many small retail businesses, but we cannot keep using reliefs as sticking plasters to fix a system which is fundamentally broken.

Since I was appointed managing director of John Lewis more than a decade ago, what to do about the business rates conundrum has been at the forefront of my mind. It is clear that the current system is having a detrimental effect on small businesses, and we cannot keep using reliefs as sticking plasters to fix a system which is fundamentally broken.

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Price of Chinese iron ore helps pull up FTSE 100

Mining giants helped push up the FTSE 100 yesterday as China announced increased local government spending. Firms were also boosted by Chinese iron prices which jumped nearly six per cent.

Evraz, Antofagasta, Rio Tinto, Glencore and BHP rose between two and four per cent each. They were all among the highest risers on the blue chip index.

The FTSE 100 index, buoyed in the past week with hopes of more monetary and fiscal stimulus globally, rose 0.1 per cent to its highest in nearly six weeks, gaining for the seventh straight session.

The midcap index was up 0.1 per cent, while the near six index is on course for its biggest monthly gain since January.

The price of iron ore futures for September delivery on the Dalian exchange increased 5.9 per cent to 790.5 yuan.

Troubles on the high street were reflected on the small- and mid-cap indexes, with Ted Baker falling nearly one-third to a six-and-a-half year low after warning profits would come in well below analysts’ expectations.

Fast-fashion retailer Quiz fell 23.2 per cent after reporting a 94 per cent slump in underlying pre-tax profit. Safety equipment maker Halma topped the FTSE 100 leader board with a 4.1 per cent gain after reporting a surge in earnings, driven by strong demand in the US, its largest market.

Among midcaps, shares in the listed fund run by money manager Neil Woodford, Woodford Patient Capital Trust, broke a seven-day losing streak to rise 7.5 per cent on their best day in over a year.

Ted Baker fell to six-and-a-half year low after a profit warning

Support services group Stobart climbed to a session high after saying that a court of appeal denied former boss Andrew Tinkler’s application to challenge parts of an earlier ruling which was in favor of the company.

Shares ended three per cent higher.

AIM-listed video advertising company Taptica tanked 40 per cent to a three-year low after it said Uber has alleged “fraudulent concealment, negligence and unfair competition” against the company in a complaint filed in a US court.

TOUR RISERS

1. Halma Up 4.10 per cent
2. Just Eat Up 3.96 per cent
3. NMC Health Up 3.75 per cent

TOUR FALLERS

1. Centrica Down 1.84 per cent
2. Hargreaves Lans Down 1.80 per cent
3. Tesco Down 1.26 per cent

Rea l COOK

Turnover at Thomas Cook is hardly any surprise to investors these days, who have watched shares fall 65 per cent in the last year. But after Chinese company Fosun, which owns about 18 per cent of its stock, said it would buy the majority of the travel operator, things will either improve rapidly or come crashing down to earth, according to Barclays analysts. “Our break-up or sale scenario shows an upside case of 33p,” they said. But they added: “If we step away from Fosun, we think the fundamentals are challenging.” They gave it an equal weight rating and a 1p target.

Industrial fastenings maker Trifast yesterday secured optimism among analysts, as its full-year profit before tax came in £200,000 ahead of expectations. FinnCap researchers said the results were “pleasing”. But they added: “The impact of UK automotive weakness and the effects of the Chinese-US trade dispute are being felt.” “Market share and capabilities are still increasing and show the benefit of strong management and strategy.” They gave it a target price of 270p, up on its closing price of 230p yesterday.

British American Tobacco

Analysts think British American Tobacco (BAT) shares will be sparking up after this morning’s trading update. “Despite still looking very cheap, BAT’s recent performance has been underwhelming, as renewed concerns about US industry volumes and continued regulatory overhang have weighed on the shares,” said Jefferies. “BAT’s overall cigarette volumes continue to outperform the industry,” they added. The trading update is expected to reaffirm trading in line with expectations. They gave it a “buy’’ rating and a target price of 4,800p.

BEST OF THE BROKERS

To appear in Best of the Brokers, email your research to notes@cityam.com

CITY MOVES

WHO’S SWITCHING JOBS

KPMG

KPMG has announced the appointment of Phil Abram as chair for its London region practice. Phil will work closely with management teams to oversee operations and drive the growth strategy across the four offices which make up KPMG’s London region, (Cambridge, Norwich, Gatwick, Milton Keynes and Watford). In addition, he will lead the national market teams based in the firm’s headquarters in Canary Wharf, which specialise in working with mid-market businesses. There are approximately 1,500 staff based across the firm’s London region. Phil, who joined the firm in 1996, has been a partner for the last 16 years and previously led the firms transaction services practice and regional deal advisory team. Alongside his role as chair of the London region practice, he will continue to advise clients on their M&A activity and lead a portfolio of ongoing client relationships. Phil succeeds Kevin Smith who has been London region chair for the last four years.

Sapir has been appointed chief executive officer (CEO) and elected to the board of directors, effective June 10, 2019. Alex succeeds Dr. Eddy Littler, who will serve as chief operating officer. He brings to Reviral many years of combined strategic and commercial experience in the biotechnology industry. From 2016 through 2018, Alex was the president and CEO at Dova Pharmaceuticals. From January 2006 to May 2016, he served as executive vice president for United Therapeutics. During his 10-year tenure at United Therapeutics, Alex was responsible for all commercial-related activity, seeing the company grow to a firm generating $1.6bn (£1.3bn) annually. He began his career at GlaxoSmithKline, where he served in a variety of strategic and commercial roles.

FtI testing

Romy Comiter has joined FTI Consulting as a managing director within the insurance global services team. Prior to her appointment she held senior positions at Mazars where she was a partner in the financial services team. Romy has been working in the insurance sector for more than 30 years, developing computer models and technology solutions to assist clients in managing large complex sets of data. Her primary focus has been claims, helping clients to assess, manage and mitigate liability, where her speciality is long tail claims such as asbestos, environmental contamination and various health hazards. Romy has designed and led large international claim audit programmes.
ND THEN there were ten. Nominations closed for the leadership of the Con- servative Party on Monday. The last night of the Labour Party is Thad almost turned into a grand melee – where it appeared easier to identify which Tory MPs were not running rather than were, so prolific was the an- nouncement of candidatures – rather than become a manageable scrum. A last-minute rule change by the 1922 Committee, seemingly scru- pered the hopes of several can- didates, who struggled to reach the threshold of eight names in support or decided that their efforts would be more sensibly spent backing oth- ers. It is now expected that, follow- ing the commencement of voting tomorrow, the final two candidates will be known in just a week’s time – which is a small mercy, given that they will be known in just a week’s time – which is a small mercy, given that the leadership of the Con- servative Party seemingly scup- ered the hopes of several candi- dates. By doing this, rather than, say, letting the electorate or members to make their minds up about who he ought to be crowned the best one that the Euro- pean should consider the only to take this course of action. The candidates have all agreed that second ballot will be the final deadline for it – with a coherent set of policies the candidates will be able to put up a better fight against the Labour Party – one that has its own deep di- visions and doubts about its ability to govern, the threat posed by Theresa May. A certain blonde in the current form can only handle a small amount of the capacity for it. While the advent of 5G is upon us, there’s still to be done before widespread availability is a reality. Looking to the public sector, some councils have introduced an AI-powered digital assistant that can automate frontline services – such as taking residents’ queries or authenticating licences. Once workers and the public start to see improvements and uses such as this, support will grow.

The 5G headache
[Re: Three becomes latest UK mobile operator to set 5G launch date]
As the McKinsey report shows, AI is no longer a nice thing to have, but an organisational necessity in the digital age. Steve Thorn, executive director, Civicia Digital.

The rental economy is blossoming, but it could spell trouble for manufacturers

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Trump’s bluster shows why we need a rethink on world trade

David McCourt

The problem is that we have a President who tweets a new policy or opinion seconds before shaking the hand of a foreign head of state on a red carpet, which makes things difficult. The markets don’t trust Trump, and so they will find it difficult to price any new UK trade agreement – not least because, as Trump has shown once again with Mexico, a deal is not a deal. With presidents in the past, markets would have been able to evaluate the details of any trade deal and price it accurately. Now, we don’t really know if what is said (or tweeted) will match what happens.

The USMCA deal with Mexico and Canada was agreed upon last year, but not ratified. Yet late last month, the president slapped a five per cent tariff on all Mexican imports, and threatened much worse later unless illegal immigration is dealt with. The markets reacted to that reality, and share prices took a tumble, especially those of the vehicle manufacturers serving the US from across the Rio Grande.

To be fair to Trump, he is a great disruptor, knowing full well that his capriciousness can work as a bludgeon in trade negotiations. When you are never sure what your powerful opposition number will do and are aware that it may be very unpleasant and painful, there is a tendency to pay attention.

But by outlining policy in 280 character tweets on Twitter, the President effectively goes markets the “start and the end” of the deal, and makes it difficult for them to have confidence in the substance. There is a tendency to pay attention. But by outlining policy in 280 character tweets on Twitter, the President effectively goes markets the “start and the end” of the deal, and makes it difficult for them to have confidence in the substance. The truth is that he makes these deals largely for effect, to rally his core constituency and give off the perception of success.

He can do this with impunity in an arena where the World Trade Organisation (WTO), which has made incremental changes over the years, has become steadily more bureaucratic and ineffective. What we need is a revived WTO that is part of a wider rules-based rethink in order to address the realities of trade in the era of global digitisation, increased national friction, and Chinese expansion.

Trump may well win a second term in office, just as we need an injection of innovation and consensus. We may end up receiving more headline-grabbing “deals” and threats, but the broader international community needs to play its own part in dragging world trade into the mid-twenty-first century.

The President makes it difficult for markets to have confidence in the substance of deals.
OFFICE POLITICS

Creating the co-working dream team

Shared workspaces can nurture creativity, but is the UK holding the sector back?

SECOND Home isn’t your average co-working space. I’m not just referencing the kooky aesthetic – though it’s famed for the 1.5 tonne flying table at its Spitalfields site.

No, these are offices meticulously engineered to optimise business potential. Second Home’s website proudly claims that businesses there grow 10 times faster than the national average.

It’s a barometer that co-founders Rohan Silva and Sam Alderton can set themselves against, and Second Home now has four sites in London, one in Lisbon, and another opening later this year in LA.

The founders say that they obsess over the speed at which jobs are being created, as well as how their educational programmes can help startups make the leap from three to 300 employees.

They are vexed by an issue that troubles us all: automation. As technology sweeps through the economy, jobs lost will be substituted by alternative trades – and we will need support in transitioning from the old era to the new, Silva tells me.

Indeed, if Silva – who is a former Number 10 policy adviser – had the ear of our current Prime Minister or chancellor, he would make creativity a “macroeconomic priority”.

But is it a quirk of fate, or can we build communities that make “creative collisions” more likely?

Second Home hopes to answer this question, by placing publishers next to refugee charities, architects next to tech firms. Startups sit alongside accountants, lawyers, PR experts – the support that they might need to take their ideas to the next level.

At Downing Street, Silva was the brains behind Tech City and the first Entrepreneur Visa. Today, he calls for business rates reform because they “clobber smaller firms”.

He longs for the UK to mimic the US in its celebration of entrepreneurship and insistence that the profit motive is encouraging, rather than exploitative.

At the LA site, Second Home has planted 7,500 trees. Here, they couldn’t plant eight, because the council said that “fruit trees make a mess”.

These daily struggles keep Silva on edge. “It’s my neck on the line,” he says. “I wasn’t expecting it to be this hard, despite my history. When I worked in Number 10, I never had a sleepless night.” Now they are two a penny – though this may also be because nine months ago Silva became a father.

This brings us to Second Home’s newest USP: the nursery at its London Fields site.

Annabel Denham is communications director of The Entrepreneurs Network.
TRADING & INVESTMENT

After the Neil Woodford saga, how can investors be protected going forward?

Katherine Denham explains

THE UK’s most famous fund manager has been having a terrible time. Perhaps infamous is a better way to describe Neil Woodford these days.

Trading in Woodford’s £3.7bn Equity Income fund was suspended last week after a stampede of investors rushed to get their money back. Those remaining are now stuck, and have been advised to brace themselves for a suspension longer than 28 days.

Despite the anger and frustration, Woodford has refused to waive the management fee, which many (including Financial Conduct Authority chief Andrew Bailey) have argued would have been an appropriate gesture of goodwill towards savers.

Unsurprisingly, investors – many of whom have used Woodford’s fund for their Isa or pension – are concerned, with some questioning why they were not sufficiently warned that their money could be locked in.

In reality, a suspension can happen to any open-ended fund, but the risk is greater when managers are invested in hard-to-sell illiquid holdings, such as property or unlisted stocks.

With open-ended funds (otherwise known as mutual funds), there are no limits to how many shares can be issued. This means that when investors buy shares in the fund, more shares are created. While this isn’t a problem when people are buying, if lots of investors decide to sell their shares at once, the fund manager might be forced to sell assets at discounted prices in order to quickly raise the cash to pay them.

Essentially, the fund manager has to manage the portfolio to accommodate inflows and outflows, ensuring that there is enough money available to give investors back their money, says Annabel Brodie-Smith from the Association of Investment Companies.

“When the chips are down, the fund manager has to manage the portfolio in two ways,” says Brodie-Smith. “If we see a stampede, the manager has to sell assets to raise cash. If we see a tsunami of cash coming in, the manager has to buy assets.”

We can no longer afford to turn a blind eye to the structural flaw of these investment vehicles

The other issue is that fund-gating – the “process by which investors are prevented from selling their investment at a price reflecting its true value, without directly impacting the underlying investments” – is a problem that could be avoided simply by preventing illiquid investments from being held in open-ended funds.

This is something that the Financial Conduct Authority is currently looking into, and Bailey has warned that daily withdrawals from funds holding illiquid assets could be banned.

“The other issue is that fund-gating – that is, temporarily preventing people from withdrawing their money in an illiquid fund – therefore creating a sort of negative feedback loop, potentially prompting a further run on a fund once the suspension is lifted,” says Brodie-Smith.

Weedwoodford is concerned, his problems really arose when he ramped up his allocation to unquoted stocks to exceed the regulator’s 10 per cent limit in his flagship fund. What’s worse is that some of the positions in these unquoted stocks were quite large, making them all the more difficult to sell.

Perhaps if Woodford had stuck to the rules and not gone beyond the unquoted threshold, the fund wouldn’t have been forced to suspend. But really there is a bigger issue at play here, because this scandal has drawn attention to the risks when the underlying investments don’t align with the intended flexibility that the structure of the product is meant to provide.

“Open-ended funds which hold illiquid assets have a fundamental mismatch, as their daily dealing structure simply doesn’t match the reality of trading the underlying investments,” says Edward Park, deputy chief investment officer at Brooks Macdonald. “For this reason, within the property fund sector we now exclusively buy closed-ended listed investment vehicles.”

Issues around this really came to light in the months after the Brexit vote in 2016, when a string of large property funds were forced to suspend trading after thousands of investors panicked and cashed in.

A mechanism that is designed to protect the remaining investors, giving managers time to sell off the underlying investments. But it’s also a predication that could be avoided simply by preventing illiquid investments from being held in open-ended funds.

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THE FITNESS GURU

Personal trainer
Harry Thomas
answers your
burning fitness
questions

I HAVE A KNEE INJURY AND HAVE TO REST IT, WHAT EXERCISE CAN I DO AND HOW DO I KNOW WHEN IT’S SAFE TO USE IT AGAIN?

Having an injury doesn’t mean you can’t do anything, although it is an excuse many people use. Most of us live very sedentary lives and having an injury seems to promote even more inactivity. Just remember: doing something is almost always better than doing nothing.

First up, it should go without saying that if you’re in a lot of discomfort, you should get advice from a professional. But there are ways to work around common niggles. Cardiovascular training is a great way to get the blood pumping but it can be hard to work around a knee injury. Depending on the type of problem, you could look to the cross trainer, which is a great non-weight bearing exercise. Swimming is another good recovery strategy, allowing you to work the affected area without exacerbating the problem.

If you want to do weight training, resistance machines may be your best bet, allowing you to focus on specific areas of the body. When you feel ready, they are also a great way to slowly build your strength back up, slowly increasing your range and weights. It’s important to gradually build back up to your pre-injury level: there’s no rush.

Moving the area around the injury can also help with recovery. If a particular movement causes pain, don’t do it, but what you can do is slowly build up movement, starting with small circles, which helps to improve circulation to the area. This should give you a good idea of the range of movement across the affected muscle or joint, which you can extend incrementally over time.

Sleep is also an essential component for recovery, so the more shut-eye you get, the quicker your recovery time will be.

I’M NEW TO THE GYM AND FEEL A LITTLE INTIMIDATED, WHAT ARE SOME EXERCISES TO GET ME STARTED?

Lack of confidence comes from lack of knowledge. The worst thing you can do is to feel new to the gym is just turn up and try to cobble together a routine on the fly. Having a plan to follow will make the entire process easier, and give you more of a sense of accomplishment each time you complete a session.

Think about your goals and tailor your workout accordingly. I recommend starting with a full body approach so you can gauge your fitness over a number of areas. Take a notebook and record the weights you lift. Once you get into a routine, you will soon notice your strength improving, and the amount you get through in the session will increase too.

If it’s your first time at the gym, ask for an induction or invest in a personal trainer. Another great way to train is to join a group session, which will be overseen by a professional and is likely to have other relative novices to make you feel better. It will also help to keep you accountable.

It’s very easy to talk yourself out of going to the gym – that little voice in your head will tell you not to bother today, stay in bed an extra 30 minutes instead. Ignore it.

There are countless ways to exercise so it’s worth keeping your options open until you find something you like. Some people love classes, others love weights, others yoga or boxing. It doesn’t matter, as long as you enjoy it and can continue to do it.

I’M REALLY INFLEXIBLE, IS THIS A PROBLEM AND WHAT CAN I DO ABOUT IT?

When people say ‘I want to improve my flexibility’ I always ask what flexibility means to them. Some people say touching their toes, others want to improve their posture, others want to alleviate stiffness. Once you’ve settled on your definition, you can start to work towards it, measuring your progress as you go.

Increased flexibility can help improve performance, decrease aches and pains, prevent injury and make you feel better. The fitness industry spends a lot of time focusing on muscles but this is only a small component of a healthy training regime – we could all benefit from spending a bit more time working and moving our joints.

It’s also worth bearing in mind that the more efficiently your joints are functioning, the less hard your muscles have to work. The body is connected with layers of connective tissue called fascia that run like a huge web from head to toe. All the time new tissue is being laid down, and if you sit in the same position every day, your body will lay down this connective tissue in a familiar way, growing thicker over time, limiting your mobility.

Yoga, pilates and stretching are great ways to improve your flexibility, as is the kind of three dimensional training we promote at my gym No. 1 Fitness. This is an area that’s becoming more popular in the wider industry, involving resistance and weight training that promotes movements in more than one direction.

During your workouts, set yourself at least 10-15 minutes where you can introduce some mobility or stretching drills. If you don’t have time at the gym, you can always do this when you get home – do it while watching TV or in bed.

To book a session at No. 1 Fitness go to no1fitness.co.uk

Parsley sauce

SERVES 4-6

INGREDIENTS

20g butter
1 medium shallot, peeled, halved and finely chopped
20g plain flour
150ml milk mixed with 150ml fish stock
4tbs curly parsley, washed and finely chopped
50-60ml double cream
Salt and freshly ground white pepper

METHOD

Melt the butter in a thick-bottomed pan and gently cook the shallots on a low heat for about a minute until soft. Add the flour and stir well, then gradually add the milk and stock, stirring constantly to avoid lumps. Bring to the boil, season with a little salt and freshly ground white pepper and simmer gently for about 20 minutes, stirring every so often. The sauce should be quite thick by now; if not, simmer a little longer.

Add the double cream and parsley and simmer for another minute or so.

PARSLEY SAUCE

MY FOOD DIARY

Mark Hix

M y terraced garden down in Dorset is coming along a treat this year, and to make sure that nothing is wasted I sometimes like to throw together a herb soup. Hot or cold, it’s a great way to use up herbs that have started bolting (or going to seed, which stops them producing new leaves). Don’t skimp on the parsley here. You need to add it in quantity to really get the delicious flavours, and you won’t taste a thing by scat-tering chopped parsley on top. It needs to cook and infuse. Make sure you’re planting lots of extra parsley too – you can never have too much.

This sauce goes well with a nice plump fillet of cod or pollock. If you’re boiling a ham, then the recipe is just the same, swapping out fish stock for the ham cooking liquid, and adding a little Dijon or Tewksbury mustard.

Hix Unique spaces & private dining
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Herbs on the way out? Time for some sauce

Our resident chef on how to get the most out of your bolting parsley
Flamboree!
154 OLD STREET, EC1V 9BW

WHAT? The first tarte flambee spot in London, Flamboree! has an exception mark right there in the name, meaning you’re obliged to shout it out a window or pop a balloon every time you say it. But let’s not get too far ahead of ourselves: what exactly is a tarte flambee? Tarte flambee is a specialty from the Alsace region of France, where bakers would test whether their ovens were hot enough by shoving in a thin piece of dough. It’s essentially a crispy pizza on an especially light and flaky pastry base, with any reasonable toppings you could consider plonked on top. The yeast-free dough makes it less an encumbrance on your digestive system, eliminating the usual bread-induced, post-lunch fatigue and allowing you to continue to do your dramatic twirls and jumping jacks all afternoon, should you wish.

WHERE? On Old Street, near the big roundabout that’s currently undergoing renovations to make it less than 100 per cent fatal to cyclists who try to navigate it.

ORDER THIS: Any notion that these pizza-adjacent interlopers were somehow healthy goes out the window when you see what they’re putting on top of them. The Charcut-oree comes with bacon lardons, salami, sausages and kassler ham. The Great Veganer drops a heady mix of slow roasted tomatoes, onions, aubergine and peppers on a coriander and lemon hummus base. And, proving we’re far outside the bounds of what could be considered a pizza, the Salmon Dance is topped with well, smoked salmon. In the world of tarte flambee, there are no rules.

Business or Pleasure? This is an ideal spot for a quick and casual catch-up over lunch, but a better option still is to order a stack of them next time you’re hosting a meeting. They’re on Deliveroo.

Working Lunch

Steve Hogarty
on the best places to grab a quick bite around the city

Time to eat out? These are the places Steve Hogarty recommends trying

NEED TO BOOK? There’s seating for walk-ins, but you can book at flamboree.co.uk

One More Thing: They do dessert flammbees too. Check out the inexcusably named Grandma’s New Man, which is topped with rum-soaked fruits and served over Tahitian vanilla ice cream.
The Punter

Racing Trader

Touch of Luck to help Purton grab Moore winners

Racing returns to Sha Tin’s all-weather track for the final time this season and conditions in Hong Kong suggest it may be for the best.

While the UK population have swapped their sun cream for umbrellas for the foreseeable future, the weather in Hong Kong has been even worse. The territory, renowned for constant sunshine and high humidity, hasn’t had more than two consecutive days of sun in the past six weeks, with unremitting rain and thunderstorms.

The official weather forecast for this afternoon is showers with squally thunderstorms, which will make it tough for bettors who are used to studying form on either good or fast ground.

It was a similar scenario at the last all-weather meeting a month ago, when rain turned the dirt track into a bit of a weather meeting a month ago, when one good or fast ground.

The official weather forecast for this afternoon is showers with squally thunderstorms, which will make it tough for bettors who are used to studying form on either good or fast ground.

It was a similar scenario at the last all-weather meeting a month ago, when rain turned the dirt track into a bit of a bog.

Normally horses with fast starts and low draw numbers have a big advantage on dirt but on that occasion, winners were coming from all over the track.

One trainer who will be hoping the gods of fortune continue to smile on him is John Moore.

After saddling four winners at Sha Tin last Saturday, he is now only a handful of victories behind current champion John Size in his quest to gain his eighth trainers’ title.

Moore, responsible for giving jockey Zac Purton his 1000th winner in HK when saddling Thanks Forever to victory on Saturday, has booked the champion to partner his two stand-out hopes, Touch of Luck in the 12.45pm and Buddies in the 3.50pm.

Touch of Luck, who confirmed earlier promise with a clear-cut win over the extended mile trip.

This flashy looking four-year-old, whose sire Hard Spun won a Group One on dirt in the US, travelled particularly well on a sloppy surface in a trial back in April.

He is clearly progressive and is capable of defying a 6lb penalty against mainly ordinary opposition.

In the same race, keep an eye on Good Fit who drops down in class after some below-par efforts recently. He is a seven-time winner in this company, all on this surface, and could make the frame at attractive odds.

Moore and Purton also team up with hat-trick seeking Buddies, who lines up in the finale at 3.50pm over the extended mile.

This son of So You Think steps up in class after making light work of the opposition in his two wins, including once over course and distance in similar conditions last month.

He is surely better than his present handicap mark, but will need to overcome the dreaded outside draw and his odds are going to be short.

This looks a highly-competitive handicap and it could be worth taking a chance with the Frankie Lor-trained Kings Shield who finally makes his first appearance on dirt.

This former UK galloper, who was trained by John Gosden, was a dual winner on the all-weather surface at Kempton and Newcastle.

Other notable efforts included a sixth in the French 2000 Guineas and a fifth in the St James’s Palace Stakes at Royal Ascot.

He has taken some time to acclimatise to conditions in Hong Kong, but his latest effort was encouraging and he has now dropped to an attractive mark in the handicap.

Pointers

Touch of Luck e/w 12.45pm Sha Tin

Kings Shield e/w 3.50pm Sha Tin

Lor and Chan have the Spirit to bloom on the all-weather

Trainer Me Tsui is synonymous with all-weather racing in Hong Kong.

The 58-year-old local handler has been known for so long as the ‘Dirt King’ in the territory and rightfully so.

This season alone, Tsui has saddled a dozen winners on the surface, including an incredible 11 wins and 10 places from just 46 runners in six-furlong contests.

However, Tsui has found himself surpassed this season by another local handler in Frankie Lor, who heads the all-weather table with 15 victories.

Lor, who is just six winners shy of equalling his first-season total of 65, has booked the stable’s 10lb claimer Alfie Chan to ride four of his horses, and all can be given first-rate chances.

Star Luck, who disappointed at the Valley a fortnight ago, has been given a chance to redeem his reputation on a surface he has already won on in the 2.15pm.

While the fast-starting Speed Vision has shown plenty of promise in dirt trials in his run-up to the six-furlong dash at 3.15pm.

The Lor and Chan combination will have high hopes that the incredibly fast Simply Big will resume winning form when he returns to his favourite surface in the 2.45pm.

This son of Bated Breath has already won in sloppy conditions and with a good draw in his favour, he should get the run of the race.

Earlier in the afternoon, the partnership will be hoping to overturn hot favourite Lucky Thought with Blooming Spirit in the 1.45pm.

This progressive three-year-old should now be at his peak after five runs and looks well-handicapped.

Pointers

Blooming Spirit e/w 1.45pm Sha Tin

Simply Big 2.45pm Sha Tin

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FULL HOUSE

CORAL

MAGIC

BETEL

GALWYN

BARTIN

GOLDEN
12.15 THE FLASH HANDICAP (DF1) (CLASS 4) 1500M (ALL weather) (Dirt) 1m3f 3yo plus 9 dec.

[Results table]

12.45 THE KING OF SHARS HANDICAP (DF1) (CLASS 4) 1600M (ALL weather) (Dirt) 1m5f 3yo plus 12 dec.

[Results table]

1.15 THE KING HANDicap (DF1) (CLASS 5) 1400M (ALL weather) (Dirt) 1m1f 3yo plus 14 dec.

[Results table]
RORY McIlroy played the best golf I’ve seen anywhere for a long time as he romped to a seven-shot victory with an extraordinary final round of 61 at the Canadian Open on Sunday. He was like Tiger Woods, demoralising the chasing pack right from the word go with five birdies on the front nine and leaving the commentators in awe. It was pure exhibition stuff at times and a reminder that when Rory is at his best nobody can touch him.

McIlroy looks to have a lot more control of his short irons now which, while you couldn’t call it a weakness, was an area open to improvement. His putting looks solid, although it hardly needs to be when the rest of his game is that good – Stevie Wonder could have carded a 65 if left with Rory’s putts on Sunday. He’s playing without fear, and when you get in that zone it’s a wonderful feeling. It would be fantastic to see more of that from Rory this week at the US Open.

DOMINATION
If McIlroy’s display in Canada was the best golf of the year then the leading performance overall has been Tiger’s to win the Masters. At Majors the pressure is at a different level.

Woods is also responsible for the greatest Major performance of all
time, McIlroy has been on top form following a blistering display in Canada on Sunday. His record-breaking win 19 years ago means that his total domination of the 2000 US Open at Pebble Beach, where the tournament is returning this year, Ernie Els says he played the golf of his life to finish third over par, 15 shots behind Tiger. When a player of Ernie’s quality says that, it tells you how exceptional it was.

Woods will be raging to go this week. In fact, he would have loved to walk off the 18th green at Augusta in April and straight onto the first tee at Pebble Beach. He is definitely a contender. His record-breaking win 19 years ago means that he has memories from this place that nobody else does. Having ended his 11-year wait for another Major, the gates are open and No. 16 could come at any time now.

It’s not sticking my neck out but Brooks Koepka is my other fancy this week. He is seeking a third consecutive US Open and, like McIlroy, is a great driver with a terrific set of attributes. They say players are judged by their Major performances. With four wins from his last eight Major starts, that department seems to be very much Koepka’s strength. It’s obvious that the US PGA champion knows how to get the job done. He isn’t scared in the big events and that is a huge quality that marks out the very best.

Of the rest, Tommy Fleetwood is aiming for a great Major performance. With four Major performances, he is judged by their quality says that, it tells you how exceptional it was. With four

McIlroy is playing without fear. When you get in that zone it’s wonderful.

Major, but having finished second last year and grown up playing coastal courses, Pebble Beach offers a good chance for the man from Southport. Francesco Molinari can shine too, despite his recent dip in form. The Open champion’s machine-like accuracy comes to the fore when the wind picks up, as it can on the Monterey peninsula.

Graeme McDowell is a similar type and has great heart, as he showed when winning the last US Open at Pebble Beach in 2010. He arrives on a high, having just secured his place at the Open in his native Portrush. Shane Lowry, second in Canada to McIlroy, seems to be back to his best this year and is another Irishman with a great game in windy conditions.

It’s going to be a fabulous week and any one of about 10 players could win. If all three of my picks play to their absolute maximum, however, there is no question that McIlroy triumphs. He doesn’t have any flaws – if you stopped his swing at any point his club would always be in the perfect position – and it feels as though his fifth Major has been coming for a while.

INNOVATIVE
Away from Canada and California, I enjoyed watching the European Tour’s GolfSixes event in Portugal, where Thailand beat England in the final of the six-hole team tournament at the weekend. Like the Made In Denmark’s mix of stroke play and match play last week, this was another well-run and innovative event. I’ll admit that I wasn’t sure about new formats at first but I am enjoying them now.

Sam Torrance OBE is a multiple Ryder Cup-winning golfer and media commentator. Follow him @torrancesam

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biggest scalp came on 10 June last year when they smashed 371-5 before bowling out England for 365 to record a famous six-run victory in Edinburgh. And yet there would be no follow-up game in which to continue their momentum. They would have to wait 333 days, until May against Afghanistan, for their next ODI with a full member.

Schedules are organised years in advance. The best sides are busy, which is exactly why the World Cup represents the perfect chance for nations like Scotland.

“No one is actually given the chance to get better,” Cannon explains. “We all have to negotiate matches. The difference being we don’t have the funds to attract full members to play us. “When you host someone you pay for everything and of course we don’t have those funds. To pay travel, accommodation, match costs, transport, security – it costs a fortune to play anyone, but full members, they expect a step up. We cannot afford it, even if full members were available.”

For now there is no World Cup for Scotland. But raising awareness and fundraising never stops, while attention now turns to qualifying for the 2020 Twenty20 World Cup and attaining full member status.

“I think we’ve proven to the ICC full members that the sides bubbling just below the 10-team cut-off are more than capable of holding our own against the big sides,” Cannon adds. “There are no longer mismatches.”

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UNLUCKY FOR SOME Ruthless USA put 13 past Thailand in record-breaking victory

SPORT DIGEST

LUKAKU LEADS BELGIUM TO WIN OVER SCOTLAND
Romelu Lukaku scored twice as Belgium eased to a 3-0 win over Scotland in their Euro 2020 qualifier in Brussels last night. Scotland had their chances, but Lukaku headed in on the stroke of half-time before smashing in a rebound to double the hosts’ lead. Manchester City midfielder Kevin De Bruyne fired in a powerful finish late on to wrap up the win and leave Scotland fourth in Group B after four games. Elsewhere, Paddy McNair scored late on to give Northern Ireland a 2-0 win over Belarus, but Wales slumped to a damaging 1-0 defeat in Hungary.

IRISH SPONSOR UNHAPPY WITH JACKSON SIGNING
London Irish’s main sponsor yesterday voiced “serious concerns” over the signing of fly-half Paddy Jackson, Irish, who will play in the Premiership next season following promotion, signed the former Ireland and Ulster back last month. Jackson was found not guilty of rape last year, but Diageo, which owns Guinness, is unhappy with his addition. “We are meeting the club this week to discuss our serious concerns regarding their decision, which is not consistent with our values,” said a Diageo spokesman.

ANGER AFTER THIRD WORLD CUP WASHOUT
Bangladesh’s match against Sri Lanka in Bristol became the third World Cup game to be abandoned due to rain yesterday. The match was supposed to start at 10.30am but was called off at 2pm, with Bangladesh coach Steve Rhodes bemoaning the competition’s lack of a reserve day. However, International Cricket Council chief executive David Richardson said reserve days would “significantly increase the length of the tournament and practically would be extremely complex to deliver.” Australia’s game against Pakistan in Taunton today has a clearer forecast.

WHO’LL ROCK PEBBLE BEACH?
Sam Torrance previews this week’s US Open PAGE 26

LOCKED OUT OF THE PARTY

Spare a thought for Scotland amid the razzmatazz of the Cricket World Cup, says Felix Keith

THE WORLD Cup may be in full swing across the country right now, but not everyone involved in cricket is reveling in the occasion.

With the focus solely on the 10 teams competing, it is easy to get swept up by the occasion and forget the longstanding debate surrounding tournament’s format. Not if your name is Malcolm Cannon though.

Like many, Cricket Scotland’s chief executive has been an interested spectator of the World Cup, but unlike the majority his enjoyment has been tempered by an unshakeable sense of what could have been.

That’s because Scotland are one of the sides stuck on the outside looking in on the sport’s grandest yet most exclusive occasion.

Had Richie Berrington not been given out lbw to a ball heading down the legside in Harare on 21 March last year it would have been Scotland, not West Indies, playing on the biggest stage this summer.

Yet, in a cruel twist of fate, Berrington had to walk and once the rain came soon after Scotland were left five runs short of Duckworth-Lewis-Stern’s par score in the decisive qualifier.

Although that decision still under-standably rankles in Scottish cricket, its significance stems from the overall direction the International Cricket Council (ICC) is steering the sport.

Scotland, ranked 13th in ODIs, were competing against West Indies, Afghanistan, Ireland, Holland, Nepal, Papua New Guinea, United Arab Emirates and Zimbabwe last year for the final two places in the World Cup, after the top eight ranked sides qualified automatically.

It is this 10-team format – a reduction of four from 2013 and the smallest edition since 1996 – not a dodgy lbw decision that is the main area of contention for Cannon, who draws unfavourable comparisons with other more inclusive sports.

“This year in particular, given the nature of our exit from the qualifier, I think it feels even more important that it [the format] is reviewed, that we look again at the structure,” the 57-year-old tells City A.M.

“The rationale for 10 teams is a commercial one brought about by the broadcasters, in particular the importance of India in the financial security of the sport. I get that, and I think everyone understands it.

“But ultimately the ICC has to also consider strongly how best to grow the game of cricket globally. And while other sports are giving more countries the opportunity to compete in their world cups, cricket appears to be reducing those opportunities and I’m not sure that’s logical in terms of growing the game.”

“So, irrespective of how Scotland might feel about our exit – the fairness, whether we should be there or not – it’s actually irrelevant. We don’t want to be those whinging Scots going on about it. Other people are doing the arguing for us.”

Cannon, who worked in retail for 25 years before joining Cricket Scotland in 2014, says: “We want to be those whinging Scots going on about it. Other people are doing the arguing for us.”

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Crucially, they would also get to play Bangladesh’s match against Sri Lanka in Bristol became the third World Cup game to be abandoned due to rain yesterday. The match was supposed to start at 10.30am but was called off at 2pm, with Bangladesh coach Steve Rhodes bemoaning the competition’s lack of a reserve day.

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