SIR PHILIP Green squeezed through a controversial rescue plan yesterday as his fashion empire came back from the brink of administration by winning a crunch vote.

Creditors passed a series of ballots that will give the embattled Topshop tycoon breathing space to embark on a major cost-cutting overhaul of his high street business Arcadia.

Last night, Green told City A.M.: “We’re obviously happy – now the work begins.”

Following five hours of tense discussions in the City, creditors voted to give Green a lifeline by approving seven separate company voluntary arrangements (CVAs), a contentious insolvency process used to slash rents and close stores.

Fears the retail giant would lose the vote and collapse into administration, sparking as many as 17,000 job losses, emerged after one of its largest creditors, shopping centre owner Intu, said it would vote against the proposals. However, it is understood that other key landlords including Land Securities voted in favour of the CVAs, giving Arcadia enough support to press ahead with 23 outright closures and rent reductions of up to 70 per cent at nearly 200 stores.

Last night, Intu stuck by its decision to oppose the process. “We firmly believe that the terms of the Arcadia CVA are unfair to our full rent paying tenants and not in the interests of any of our other stakeholders,” a spokesperson said.

While we are disappointed with the outcome of today’s vote, we will work constructively with Arcadia to achieve the best outcome for both sides.”

In a bid to woo over landlords, Green’s wife and majority Arcadia shareholder Tina Green made a last-minute pledge to invest a further £50m of equity into the group, in addition to the £50m of funding already provided in March.

The case was adjourned for further hearings.
The Tories’ greatest challenge is to wean the market off the help to buy scheme.

ALEXANDRA ROGERS
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MPs HAVE called on the government to put more pressure on Hong Kong and China to respect the rights of Hong Kong protestors as demonstrations against proposed law changes grew violent.

Police have fired tear gas and rubber bullets at protestors, who fear that the change, which would allow extradition to mainland China, could target political opponents of Beijing and undermine the principle of “one country, two systems” that has allowed Hong Kong to have its own laws to date.

The system, which was enshrined in the Chinese-British joint declaration of 1984 that guaranteed sovereignty over Hong Kong to China, also promised that the way of life in Hong Kong would remain unchanged for at least 50 years.

Several major firms will allow staff to work from home today in anticipation of further action.

David Davis MP told City A.M. “We need to be pressing the Chinese government to stand by the terms of the original deal. This is a clear breach of that.”

“The Chinese can come up with sophisticates of all sorts but ‘one country, two systems’ was set up to protect freedom and civil rights in Hong Kong. "Using tear gas against protestors is not what a modern civilised country should do. The more powerful and the more strong a country is, the more they need to be stood up to. This is a good example of that.”

The law – a second reading of which has been pushed back – would permit extradition requests from authorities in mainland China, Taiwan and Macau for those accused of crimes such as rape and murder.

Critics fear that such a change would diminish the city’s judicial independence and expose its citizens to China’s very different justice system.

Foreign secretary Jeremy Hunt said yesterday the protests were a “clear sign of significant public concern” about the proposed legal changes.

“I urge the Hong Kong government to listen to the concerns of its people and its friends in the international community and to pause and reflect on the controversial measures,” he said. “It is essential that the authori- ties engage in meaningful dialogue and take steps to preserve Hong Kong’s rights and freedoms and high degree of autonomy, which underpin its international reputation.”

“Upholding the principle of ‘one country, two systems’, provided for in the legally binding Sino-British joint declaration, is vital to Hong Kong’s future success.”

His concerns were echoed by outgoing Prime Minister Theresa May, who said the extradition arrangement must be in line with the principles of the declaration.

“We are concerned about potential effects of these proposals particularly obviously given the large number of British citizens there are in Hong Kong,” May said.

“But it is vital that those extradition arrangements in Hong Kong are in line with the rights and freedoms that were set down in the Sino-British joint declaration.”

As of last night 72 people had been hospitalised with injuries from the protests, including two cases classed as serious.
Labour rebellion sinks bid to grab control of Brexit

**OWEN BENNETT**

LABOUR’s bid to make a no-deal Brexit illegal fell flat yesterday after the government defeated an attempt by the opposition to seize control of parliament.

The plan was thwarted when eight Labour MPs — including Poplar and Limehouse’s Jim Fitzpatrick and Vauxhall’s Kate Hoey — joined the Tories in the voting lobbies, giving the government a win of 309 against 298.

Had the motion passed, it would have allowed MPs to put forward a Brexit-related bill on 25 June which could block the UK leaving the EU without a withdrawal agreement.

Several Conservative leadership candidates have said they are prepared to push forward with a no-deal Brexit, while Dominic Raab has refused to rule out suspending parliament in the run up to 31 October to prevent MPs from blocking such a move.

Conservative MP Dominic Grieve, who has led attempts from the Tory benches to prevent a hard Brexit, said he would be prepared to vote down his own government if needs be.

The former attorney general said: “If we get to a point where a prime minister is intent on doing this, the only way of stopping that prime minister would be to bring down that prime minister’s government.

“And I simply have to say here and now I will not hesitate to do that, even if it means my resigning the whip and leaving the party.

“I will not allow this country to be taken out of the EU on a no-deal Brexit without the approval of this house, in my view going back to the country and asking them if that is what they want.”

Labour MPs supporting the motion were angry with the handful of colleagues who voted with the government to defeat the motion.

Johnson and Javid set out their stalls as Tories prepare for vote

**OWEN BENNETT**

CONSERVATIVE MPs will today begin selecting the next Prime Minister as voting gets underway in the battle to lead their party.

Heavyweight candidates Boris Johnson and Sajid Javid kicked off their campaigns on the eve of the ballot, with both using respected party figures to launch their bids to succeed Theresa May as Conservative party leader.

Attorney general Geoffrey Cox introduced Johnson, while Scottish Tory leader Ruth Davidson gave a speech backing Javid.

Johnson used his campaign event to vow to take the UK out of the EU with or without a deal on 31 October, warning his party would “kick the bucket” if Brexit is delayed beyond that date.

“With every week and month that goes by, in which we fail to deliver on our promise, I am afraid we will further alienate not just our natural supporters, but anyone who believes that politicians should deliver on their promises,” he said.

Javid was the last of the 10 candidates to hold a campaign launch event, and attacked Johnson as “yesterday’s news” as he tried to paint himself as a political outsider in the contest.

Conservative MPs will vote for who they want to be the next party leader between 10am and 12pm. The result will be announced at around 1pm, and any contender who fails to get the support of at least 17 colleagues will be culled from the race, before another round of voting takes place on Tuesday.

Landlords pressure Green to evolve Arcadia after passing rescue deals

**Continued from Front Page**

Arcadia boss Ian Grabiner said he was “confident about the future of Arcadia”, which includes brands such as Topshop and Dorothy Perkins.

“From today, with the right structure in place to reduce our cost base and create a stable financial platform for the group, we can execute our business turnaround plan to drive growth,” he added.

Yesterday’s vote required 75 per cent approval from its creditors, which included landlords, councils and suppliers, in order to trigger the agreement. Arcadia did not say the margin by which the vote passed.

“It’s the best news I’ve had all year,” said Oliver Buhus, a supplier at the meeting who backed the CVA.

The decision comes a week after Green postponed an initial creditor vote, as he sought to shore up more support from landlords.

Retail Economics boss Richard Lim said: “Arcadia’s CVA is a positive move for now, but this in no way ensures a successful turnaround of the business. There’s still a huge battle ahead. It’s not just fewer stores that are needed... It ultimately needs a leaner business model, including less staff and fewer brands, as well as investment into its identity and customer experience.”
UK digital secretary: US stance on Huawei will affect our approach

SEBASTIAN MCCARTHY

DIGITAL secretary Jeremy Wright said yesterday that the US approach towards Huawei will affect how Britain’s own stance towards the Chinese tech firm will play out.

At a Bloomberg conference yesterday, Jeremy Wright said what the “American administration decides to do will have an impact on what we consider when we come to think about Huawei”.

The comments came hours before Huawei released a memo protesting a US Federal Communications Commission (FCC) move to ban its equipment on the grounds of national security.

The company has been continuing efforts to mitigate the effects of a series of moves by several US departments to limit usage of its equipment in the country.

Earlier this week, the US treasury secretary said US President Donald Trump may relax restrictions on the Chinese tech firm if the two sides make progress in trade talks.

Steven Mnuchin said the country may be willing to reconsider its approach towards Huawei if a deal can be reached, but warned tariffs would remain in place in the absence of progress.

TRAIN UPGRADE

Transport for London to replace 30-year-old fleet on the DLR

TFL YESTERDAY signed a £350m contract with Spanish firm Construcciones y Auxiliar de Ferrocarriles (CAF) to design and manufacture 43 new Docklands Light Railway trains, which will enter service in 2023, and build thousands of new homes.

Housing market fights back while prices set to drop

CALLUM KEOWN AND SEBASTIAN MCCARTHY

THE LONDON housing market showed signs of bouncing back last month as sentiment rose to its highest level since April 2017, according to the latest forecasts.

Negative trends in agreed sales and house prices eased in May after the Brexit deadline was extended slightly while landlord instructions declined in the capital, highlighting a persistent theme over much of the past three years, according to Rics.

In the lettings market, tenant demand increased slightly while landlord instructions declined in the capital, highlighting a persistent theme over much of the past three years, according to Rics.

A Nationwide building society report released late last month underlined fears of a subdued market when it reported a 0.2 per cent drop in house prices in May when compared with April.

Robert Gardner, chief economist at Nationwide, said: “Survey data suggests that new buyer inquiries and consumer confidence have remained subdued in recent months.”

He added: “Nevertheless, indicators of housing market activity, such as the number of property transactions and the number of mortgages approved for house purchase, have remained broadly stable.”

IN BRIEF

SORRELL GRABS FORMER WPP EXECS FOR S4 CAPITAL

Sir Martin Sorrell has hired two former WPP executives for his new venture S4 Capital in the ad veteran’s latest broadside against his old firm.

Scott Spirit, who was ousted by WPP just months after Sorrell’s abrupt departure last year, will join S4 Capital as chief growth officer and board member.

S4 has also announced the appointment of Elizabeth Buchanan as non-executive director. Buchanan previously worked with WPP after selling her agency to STW Group, which was later bought by the holding group.

The announcements, which arrive on the same day that WPP is set to hold its annual general meeting, are the latest sign of a growing rivalry between Sorrell and his old firm.

ACTIVIST ELLIOTT MAKES BID FOR MAJESTIC WINE STORES

Activist investor Elliott has launched a bid for 200 Majestic Wine stores as the retailer switches its focus from the high street to online.

In a major rebranding under the Naked Wines brand which it acquired in 2015, Majestic’s shares closed up over nine per cent. The news of Elliott’s involvement in the stores sale was first reported by Sky News. In April the company’s board appointed Rothschild bankers to explore a potential sale of its retail and commercial portfolio, which includes around 200 stores. It wants to undergo a major rebranding under the Naked Wines brand which it acquired in 2015.

Some mornings just call for McDonald’s.

Served before 10.30am. © 2019 McDonald’s.

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Pendragon loses a fifth of share value on slump

JAMES BOOTH
@Jamesbooth1

SHARES in used car dealer Pendragon crashed by more than a fifth yesterday after it said it expected losses to accelerate.

The board said it expects underlying profit before tax for 2019 to be a small loss with the first-half of 2019 expected to be “significantly loss making” ahead of a return to profitability in the second half.

In its car store business it said it expects to see losses of £11.9m incurred in 2018 “accelerate to circa £25m” during 2019.

The company blamed falling UK car sales and a build-up of unsold used car stock for its poor performance.

Shares fell as much as 27 per cent yesterday morning, before closing at a decline of 20.9 per cent.

Pendragon said used car stock reached £458m at the end of the 2018 financial year, compared to £372m at the same stage in 2017.

It said it has an “action plan” in place to turn the business around which includes improvements in new vehicle sales and improved used car stock management and profiling.

It also said it will “significantly reduce” its levels of aged, pre-registered and ex-demonstrator stock in the second quarter.

Chief executive Mark Herbert said: “Notwithstanding the challenging market and uncertain macro outlook, the expected loss for the year is still disappointing. That said, we see significant addressable opportunities to improve the business and return to profitable growth.”

In October, the firm’s shares fell 20 per cent after it issued a profit warning on fears of new regulation.

Advisory groups urge investors to vote against Nissan chief exec

ALEX DANIEL
@alexmdaniel

PRESSURE is mounting on Nissan chief executive Hiroto Saikawa ahead of a vote on his re-election as a director at the firm later this month.

Two of the world’s largest proxy voter services, ISS and Glass Lewis, have recommended shareholders do not retain him at the helm of the Japanese car maker.

It is believed he is likely to win the support of Renault, which controls 43 per cent of voting rights. But the proxy recommendations suggest he will lose the majority of remaining shareholders’ votes.

Separately, Renault chairman Jean-Dominique Senard said it would prioritise strengthening its ties with the Japanese car maker.

“The priority now is to make the alliance successful, efficient and strong,” Senard said during the company’s shareholder meeting in Paris yesterday.

“There won’t be any success for Renault if there is no success for the alliance.”

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Woodford issues second apology over frozen fund

JESS CLARK @jessjournal

BREACHED trader Neil Woodford has issued a second apology to investors in his frozen £3.7bn fund, saying he had been disappointed with its performance “for some time”.

In his apology letter, which was sent to independent financial advisers yesterday, follows the suspension of Woodford’s Equity Income fund last week.

The City of London Corporation has underpinned the digital business transition underpinning the global business transition.

City of London update

Festival of skills, experience and employability

City workers may notice a significant addition to the Square Mile’s population next week as more than 5,000 schoolchildren take part in the first London Careers Festival (17-21 June).

Almost 200 firms will be opening their doors to give pupils from more than 130 London schools a taste of working life here and talk to them about the variety of careers available in the City.

If your company isn’t taking part, why not get in touch with the organisers to get involved in 2020? Your involvement can be as big or as little as you like.

New site for wholesale markets?

THE City of London Corporation has launched a public consultation on the proposed consolidation of its three wholesale markets to a new site at Dagenham.

Under the proposals, Billingsgate (fish), Smithfield (meat) and New Spitalfields (fruit and vegetables) Markets would be relocated to the new site in order to secure their future, offer more modern facilities and allow space for traders to grow.

The consultation runs until 6 August.

Zuckerberg may have approved privacy rules

Facebook emailed its users about a new privacy policy on Tuesday, which it said would make the company “more transparent”.

The changes follow Facebook’s decision last week to merge its privacy policies, which had previously been kept separate for different regions.

The new policy will go into effect on September 1.

US inflation tepid ahead of Fed rates decision

US consumer price inflation slowed in May, official data revealed yesterday, in news that could add to pressure on the country’s central bank to cut interest rates.

The consumer price index rose 1.8 per cent in May compared to a year earlier, down from the two per cent rate seen in April, statistics from the US Labor Department revealed.

The news came a day after US President Donald Trump called “very low inflation” a “beautiful thing”, but said the Federal Reserve’s interest rate was “way too high”.

Global trade tensions and signs of a slowing US economy have led the markets to price in a series of interest rate cuts this year. Yet the US department’s data showed a robust rise in inflation, in both healthcare costs and rent.
Big on winning drams for the main man

While stocks last. Subject to availability. Selected stores. Excludes ROI & NI. Packaging, sizes & measurements may vary. Decorative items not included. Prices correct at time of going to print & valid for a limited period only. Abrachan Triple Oak with gift tube, 70cl, £17.49, Queen Margot 8 Year 70cl, £13.49, Ben Bracken Speyside Single Malt with gift tube, 70cl, £17.49.

drinkaware.co.uk for the facts

lidl.co.uk/whisky
The interconnected markets and fast-paced financial innovation make risks more dynamic and global in nature. The ECL, as per the letter and spirit of IFRS 9, will have to consider, reassess and reflect these risks at each reporting date. In theory, this should be great, because it will force more responsible policymakers to focus more on risks that could arise from lending in the future.

Reckitt Benckiser selects PepsiCo exec as new boss

PepsiCo chief executive Ramon Laguarta said “Ram’s appointment comes as Laxman, a highly-respected leader, begins a new, exciting chapter in his career. We have benefitted from Laxman’s strategic vision over the past seven years and are grateful for his contributions to PepsiCo’s success.”

Reckitt Benckiser’s shares closed up 4.4 per cent yesterday.

Expected Credit Losses in Unexpected Times

A policy crafted to stop repeating past mistakes often misses the future challenges shaped by those very policies. Policymakers need to focus more on risks that could arise from lending or liquidity shocks in the future than the imputed lending behaviour that resulted in the 2008 financial crisis.

The 2008 financial crisis happened because of the lax regulations and poor accounting standards for recognising losses “too little, too late.” The IASB introduced a new standard, IFRS 9, which requires banks to account for credit losses on an expected basis. The Expected Credit Loss (ECL) estimate is expected to address the risk in loan loss provisioning accounting weakness and also avoid increased lending in an upturn and decreased lending in a downturn (procyclicality). It is too early to say whether the ICL experiment will be successful; we will only find out after the next financial crisis.

IFRS 9 came into effect on 1 January 2018. Similar to the regulatory Expected Losses (EL), IFRS 9 ECL is required to capture macroeconomic and other specific trends relating to a loan. However, one key difference between the two is that regulatory estimate is measured through the economic cycle, to avoid provisioning volatility at any point in time during the economic cycle. In contrast, IFRS 9 ECL is measured at a point in time and will result in volatility.

We are living in interesting times: an ageing population, climate change, technological disruption, global indebtedness, unconventional monetary policy, and the rise of cryptocurrencies. All these factors individually or collectively will likely increase credit risk over time and will need to be reflected in credit risk assessments—and therefore in ECL and EL estimates. Social media makes us all aware of these risks and how they will affect our future. Therefore, these issues cause political disruption first before eventually becoming financial problems.

The interconnected markets and fast-paced financial innovation make risks more dynamic and global in nature. The ECL, as per the letter and spirit of IFRS 9, will have to consider, reassess and reflect these risks at each reporting date. In theory, this should be great, because it will force more responsible policymakers to focus more on risks that could arise from lending in the future.

The scale of malpractice from the lettings industry is shocking

Georgie Lamig on Enforcement of the Tenant Fee Ban

Property Pints with BuyAssociation

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Join us on Thursday 27th June for an informal look at the property investment market outlook beyond London, at Boisdale Canary Wharf, with the award-winning team from BuyAssociation. Whether you’re a first time investor, a seasoned property professional or mildly curious, come along for a drink and a chat.

If you are interested in attending, please RSVP to events@cityam.com
British American Tobacco ticks up in vaping boom

JESS CLARK
@jclarkjourno

BRITISH American Tobacco (BAT) announced yesterday sales of e-cigarettes and vaping products would accelerate in the second half of the year, as demand for traditional cigarettes declines.

Shares fell 4.4 per cent despite the positive trading update, as the company revealed it had lost market share. The company, which makes Dunhill cigarettes, also said global industry volumes were expected to be down around 3.5 per cent.

However, it said its "new categories" range of products, which includes Vype e-cigarettes, would achieve revenue growth around the middle of the 30 to 50 per cent range.

BAT also announced plans to consolidate its tobacco alternatives business into fewer brands.

Chief executive Jack Bowles said: “We are creating a stronger, simpler business and driving a step change in new categories, built on the foundation of a strong combustible business.

“With our focus on building global brands, we intend to consolidate our new category portfolio into fewer brands.”

The company also said it was on track to meet its full-year targets.

Richard Hunter, head of markets at Interactive Investor said: “The more recent improvement in fortunes can’t mask the longer term challenges, however and this is likely to prove a drag for some time to come.”

He added: “That being said... the market seems sharply focused on the potential of BAT as it transforms its business model, with the general view of the shares as a strong buy remaining intact.”

Connect appoints new boss as it awaits approval for Flybe deal

ALEXANDRA ROGERS
@city_ornegers

CONNECT Airways, the consortium that has purchased Flybe, has appointed former Virgin Atlantic’s customer chief Mark Anderson as its chief executive.

Connect, which is made up of Virgin Atlantic, Stobart and hedge fund Cyrus Capital, is currently waiting for the merger clearance from the Competition and Markets Authority, which is expected in July.

Struggling airline Flybe completed the sale of its assets and operations to Connect back in February for £2.8m. In March, shareholders in the regional airline voted to approve its sale to Connect for just 1p a share.

Anderson joins Connect from his current role as executive vice president of Virgin’s customer experience, a role he has held since February 2017. Before that he was senior vice president and managing director of Virgin Holidays.

Anderson said it was “a real privilege and honour” to take on the role “at this exciting time”.

End of the Saga: Chief exec Lance Batchelor set to hang up his boots

JAMES BOOTH
@JamesBooth1

THE CHIEF executive of over 50s travel and insurance group Saga will retire next year, the company said yesterday.

Lance Batchelor will retire at the end of the financial year in January 2020 after six years with the business.

The recruitment of his successor is underway. In April, Saga shares sank 40 per cent after it warned Brexit uncertainty was hitting its travel business and price comparison sites were eating into its insurance margins.

It also announced the introduction of a three-year fixed-price home and motor insurance product, as it tried to revitalise its insurance business and move away from cheap introductory offers.

Yesterday, Saga announced a tie-up with Goldman Sachs, with plans to offer its customers savings products with Goldman’s retail banking arm Marcus.

On 5 July, the company will launch its new cruise ship, the Spirit of Discovery.

Saga chair Patrick O’ Sullivan said: “Lance has led Saga with a resolute focus on reinvestment and rebuilding a truly customer centric organisation.”

UBER said yesterday it is ready to start testing drone delivery for its Uber Eats service in more urban environments. It was given permission to go ahead with the trial in San Diego, California by the US Federal Aviation Administration last year.

TAKEAWAY TO THE SKIES Uber Eats to begin testing restaurant delivery by drone

UBER said yesterday it is ready to start testing drone delivery for its Uber Eats service in more urban environments. It was given permission to go ahead with the trial in San Diego, California by the US Federal Aviation Administration last year.
Chernobyl has been ranked the most popular TV show ever

JAMES WARRINGTON
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UNILEVER Ventures has partnered with TVC Capital to invest $12m (£9.4m) in influencer marketing platform Creator IQ as it looks to crack down on fraud in the industry. Creator IQ said the series B funding will be used to boost its AI software, which validates the authenticity of an influencer’s audience and helps to improve brand safety. The investment comes a year after Unilever warned that fraud was undermining influencer marketing and vowed to improve integrity and transparency in the sector. “Creator IQ is proactively developing solutions that empower Unilever to continue to set global measurement standards for the influencer marketing industry,” said Vasiliki Petrou, executive vice president and group chief executive at Unilever Prestige. “Their platform enhances the quality and integrity of our brands’ campaigns by safeguarding against follower fraud and brand safety issues,” he added. Creator IQ has grown rapidly over the last 12 months, and now manages campaigns for brands including Disney, Airbnb and Ralph Lauren. “We see organisations of all sizes embracing new ways of building relationships with their customers, and brand advocacy has proven to be a competitive advantage,” said Igor Vaka, Creator IQ founder and chief executive.

German 10-year Bunds shifted at record low yield

HARRY ROBERTSON
@hennyrobertson

GERMANY yesterday sold medium-term government bonds, or bunds, at the lowest yield on record as the stalling European economy drove investors towards the safe assets. Europe’s biggest economy sold 10-year Bunds – IOUs which will pay out 0.24 per cent. It means investors holding them until they mature would lose money.

German 10-year Bund yields dipped below the zero mark for the first time since 2016 at the end of March. The previous record-low was minus 0.31 per cent, seen three years ago. Hubert de Baruch, markets economist at Capital Economics, said: “The view that central banks are more likely to ease policy than tighten is driving most safe bond yields down, including [US] Treasury yields, Bund yields and yields in the UK as well.”

“With a high is weak, and trade tensions are increasing, so investors are rushing towards safety,” he said.

The European Central Bank (ECB) announced that it will keep its main interest rate at the record-low level of zero per cent until at least the middle of 2020. It also said it expected the Eurozone economy to grow just 1.2 per cent in 2019. Suggestions that the ECB may restart its so-called quantitative easing (QE) bond-buying programme have also pushed up bond prices and sent yields tumbling.

The Portuguese government similarly sold debt at a record-low yield yesterday. It sold €625m (£556m) worth of 10-year bonds with a yield of 0.64 per cent.

The sale marked the first time Portugal’s 10-year borrowing costs were below one per cent. At the height of the Eurozone crisis in 2012, yields on Portuguese 10-year debt rocketed to 17 per cent. Baruch said Capital Economics expects the ECB to be restarting QE from next year. It also expects the bank to lower the deposit rate by 10 basis points before the end of 2019.

ECB and IMF chiefs caution over trade ‘headwinds’ in Eurozone

HARRY ROBERTSON
@hennyrobertson

THE PRESIDENT of the European Central Bank (ECB) and the head of the International Monetary Fund (IMF) yesterday warned that global trade “headwinds” could damage growth in Europe.

They also cautioned that the vulnerability of Europe’s emerging eastern economies to the current global slowdown could hinder integration in the European Union. Speaking alongside ECB president Mario Draghi at a conference in Frankfurt, IMF head Christine Lagarde warned: “Global trade growth has been subdued for more than six years and the largest economies in the world are putting up new trade barriers.”

Lagarde spoke of the lingering threat that US President Donald Trump may slap tariffs on car imports from the European Union. “The losses from higher car tariffs would spread out across more European economies than the gross export data suggests,” she said.

Sky doubles production budget as it reaps rewards of Chernobyl craze

JAMES WARRINGTON
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SKY HAS unveiled plans to double its investment in original programming as it looks to build on the success of hit show Chernobyl and take on streaming services such as Netflix.

The company said it has secured backing from new owner Comcast to launch Sky Studios, a new European development and production house.

Sky currently spends roughly £500m each year on its own programmes, but said it plans to double this investment over the next five years.

The move comes after the success of mini-series Chernobyl, which was the firm’s most successful production to date and has been ranked the most popular TV show ever on IMDb.

“This is a transformational development for us,” said Sky chief executive Jeremy Darroch. “Sky Studios will drive our vision to be the leading force in European content development and production.”

Sky, which owns streaming service Now TV, will hope the investment can help it take on its larger rival Netflix.

But Sky remains a long way behind the US streaming giant, which is set to spend $15bn (£11.8bn) on content this year.

Sky doubles production budget as it reaps rewards of Chernobyl craze

ALEXANDRA ROGERS
@city_amrogers

CHANNEL Tunnel operator Getlink has blamed dwindling passenger traffic numbers on the political uncertainty caused by Brexit. Getlink, which used to be called Eurotunnel, transports passenger vehicles and commercial vehicles across the Channel.

It reported an 11 per cent drop in truck traffic in May after British businesses de-stocked the items they had initially built up in preparation for the UK to leave the EU on the scheduled departure date of 29 March.

Meanwhile, passenger shuttles transported 213,613 tourist vehicles, down seven per cent on May last year, which Getlink said was the result of the later Easter holidays pushing down demand from the public.

Since the start of the year, more than 930,000 passenger vehicles crossed from France via the Channel Tunnel, while just under 690,000 trucks made the journey.

Getlink said: “An unfavourable calendar impact with the late Easter holidays coming in April, has resulted in a mechanical contraction of demand in May.”

It also warned that “destocking activities by British firms in April and May, followed by stockpiling carried out during the first three months of the year”.

Getlink blames Brexit for traffic numbers slide

IMF boss Christine Lagarde, left, and ECB boss Mario Draghi

Sky doubles production budget as it reaps rewards of Chernobyl craze

German 10-year Bunds shifted at record low yield

IMF boss Christine Lagarde, left, and ECB boss Mario Draghi

Sky doubles production budget as it reaps rewards of Chernobyl craze
Zara owner enjoys revenue surge as online expansion gathers pace

CALLUM KEOWN
@CallumKeown1
ZARA owner Inditex defied a weak retail market to boost sales at the beginning of the second quarter as its global expansion gathered pace. The Spanish fashion group put its success down to the expansion of Zara’s online presence, which launched in Brazil in March. The firm also launched online sales in eight countries in May, including Saudi Arabia, UAE and Egypt, as it responded to a slow second half of the first quarter. Online sales will reach a further nine countries later this year, including South Africa and Qatar.

“This is particularly impressive in our view, notably in context of industry data we have so far for May,” JP Morgan said in a note. The firm, which also owns Massimo Dutti and Oysho, posted a 10 per cent earnings rise to €734m (£653.1m) in the three months to 30 April and a five per cent jump in sales to £5.9bn. It maintained full year guidance of four to six per cent like-for-like sales growth.

Boohoo shrugs off retail gloom with sales boom

ALEX DANIEL
@alexmdaniel
FAST fashion retailer Boohoo has again defied a struggling retail sector, reporting 39 per cent sales growth in the last quarter. The firm’s offering of cheap own-brand clothing and accessories online has chimed with younger consumers in recent years. Boohoo’s rise comes at the same time as high street rivals such as Topshop fight for survival amid declining footfall.

Boohoo’s global revenue rose 39 per cent in the three months to 31 May, reaching £254.3m. Revenue growth in Britain rose 27 per cent, while abroad it soared 57 per cent.

The firm had a net cash position of £194m, up on last year’s figure of £151m, while its gross margin was flat at 55 per cent.

The group kept its guidance for the full year of 25 per cent to 30 per cent revenue growth, with a core profit margin of about 10 per cent.

Shares in the company rose a little over one per cent yesterday.

Boohoo’s meteoric rise underlines the popularity of online shopping, while high street retail companies such as Philip Green’s Arcadia Group, which owns Topshop, face restructuring just to survive.

But the fast fashion retailer has had its fair share of controversy, with the Union of Shop, Distributive and Allied Workers (Usdaw) last week claiming Boohoo has not done enough to give its workers an independent voice.

Boohoo also owns fashion brands Pretty Little Thing and Nasty Gal.

Brewin Dolphin investment manager John Moore said: “Boohoo is a timely reminder that, with the right approach, there is still a place for a carefully-considered and marketed retail offering that knows its customers and how to provide products they want.”

Chief executive John Lyttle said in a statement yesterday: “The group has made a strong start to the year as we continue to disrupt and capture market share in the UK and internationally across all our brands. “Our multi-brand strategy is really capturing our customers’ attention.”

Boohoo goes Down Under with launch of accounts in Australia

EMILY NICOLLE
@emilyjnicolle
DIGITAL bank Revolut will today launch its first accounts in Australia, as it embarks on a public testing period in the region.

The startup said it will be opening its waiting list in the country today, which has so far amassed around 20,000 sign-ups.

Revolut has opened a regional headquarters in Melbourne to manage the rollout, but said it will seek to open additional spaces in Sydney and Perth as it ramps up hiring in tandem with expansion. It added it will hire up to 30 skilled roles, as well as “invest millions in the Australian economy”.

Users in Australia will initially only be able to access the banking app’s prepaid card, foreign exchange and money management tools.

Regional head Will Mahon-Heap said the startup will offer additional services such as cryptocurrency, business accounts, commission-free stock trading and its premium metal product in due course.
Oil prices dropped around two per cent yesterday as news emerged that US stockpiles rose last week.

International standard Brent crude fell 2.2 per cent to $60.72 in the early evening yesterday.

Meanwhile, US standard was down 2.7 per cent to $51.86.

Oil inventories in the States grew by 4.9m barrels last week. Analysts had predicted they would fall by nearly half a million.

“Crude oil prices are falling this morning as a report from the American Petroleum Institute reported that the US crude stockpiles increased,” said analysts at Deutsche Bank.

It came as US officials cut their forecasts for global demand in 2019.

Oil producing cartel Opec slashed output earlier this year in a bid to counter downwards pressure on the market by a glut of US crude.

The organisation is set to meet again at the end of the month to decide on whether to extend the cuts.

Goldman Sachs said it looks likely that the cuts will be extended.

“We expect such an outcome to only be modestly supportive of prices with our third-quarter Brent forecast at $65.5 per barrel,” its analysts said.

Recent challenges to the oil markets came after months of rising prices brought about by the Opec cuts.

City Index senior market analyst Fiona Cincotta said that prices were also kept high as the US hit Venezuela and Iran with sanctions.

A decision to extend the production cuts would support the price, but this is already widely expected.

“The expectation is that they will roll over the output cuts so a good deal of that news will have already been baked into the price.”

At best we could expect a slight uptick in the third quarter,” Cincotta said.

Prices reached lows of $50.20 yesterday morning, around three per cent on the day.

Brent reached prices of above $73 in April, a rise from lows of $52 in December last year.

Ineos founder Jim Ratcliffe is one of the UK’s richest people

Ineos plans $800m investment in Texas petrochemicals plant

British chemicals giant Ineos is looking to plough more than $800m (£630.4m) into a Texas project, according to local reports.

The money will be used to expand its La Porte petrochemical plant, the Houston Chronicle reported.

The 40-acre extension will bring 1,500 construction jobs to the site, and increase Ineos’ permanent workforce by 25 people.

The company is also considering alternative investments in California, Wisconsin, Mississippi, Alabama, and a further addition in Texas.

Construction could start in the beginning of 2021, according to reports. The plant will come online towards the end of 2023.

It will produce 850,000 tonnes of ethylbenzene and styrene per year.

Run by one of Britain’s richest men, Sir Jim Ratcliffe, Ineos has grown to be the country’s largest private company.

It did not respond to inquiries.

Norway’s sovereign wealth fund to divest from fossil fuel investments

The World’s biggest sovereign wealth fund appears set to sell its $1bn (£788m) stake in London-listed Glencore, after Norwegian politicians yesterday passed a bill to divest from fossil fuel investments.

The decision will see the country’s $1 trillion fund sell stakes in companies which get more than 30 per cent of revenues from coal. It will no longer invest in those mining more than 20m tonnes of coal annually, or which generate more than 10 gigawatts of power from the fossil fuel.

Environmental campaigners said the new rules would force the fund to sell its two per cent stake in Glencore.

It would also offload its $620m stake in Anglo American, the campaigners said.

“What this does do... is give a very clear signal to both governments and companies that the time for financing fossil fuels is coming to an end, for the benefit of both people and planet,” said Martin Norman, sustainable finance campaigner at Greenpeace in Norway.

The fund may also have to divest from Germany’s RWE, Australia’s South32, and Germany’s Uniper.
Chinese car sales suffer worst ever monthly fall amid economic woes

ALEX DANIEL
@alexdanieldaniel

THE CHINESE car market suffered its largest ever monthly sales drop in May, bolstering concerns around the country’s economic slowdown.

Sales fell 16.4 per cent last month compared to the same period last year, the China Association of Automobile Manufacturers (CAAM) said yesterday.

“The drop is the 11th consecutive month of sales decline, after falls of 14.6 per cent in April and 5.2 per cent in March,” CAAM assistant secretary general Xu Haidong said the drop was in part down to provinces in China enforcing the country’s strict upcoming emissions rules before central government brought them in, which he said was stoking uncertainty among manufacturers.

“We gave the manufacturers too little time to prepare,” he said. Haidong added the industry’s supply chains are finding it little time to prepare,“ he said.

China’s car sales declined on an annual basis last year for the first time in 20 years, as trade tensions with the US and a cooling economy curtailed desire to buy cars among its 1.4bn people.

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Podcast listeners outspend peers as brands plug in

JAMES WARRINGTON
@j_a_warrington

PODCAST listeners outspend their peers by as much as 179 per cent, a new study has revealed, in a sign that brands can cash in on avid on-demand audiences.

People who listen to podcasts spend significantly more in all areas than those who do not, with the starkest contrast found among millennials, according to figures from podcast agency 4DC.

The gulf in spending can be seen most clearly in the health and fitness markets, suggesting the medium could be a cash cow for healthcare firms, the report stated.

For example, podcast listeners spend 117 per cent more on vitamins each month than non-podcast listeners, and spend roughly a third more on gym membership.

“This research demonstrates that podcasts provide an opportunity for brands to capitalise on the growth of this medium – brands should take note of the podcast pound,” said Howard Kosky, chief executive and founder of 4DC.

“Podcast listeners are systematically outspending their peers and engaging this audience could be the key to maximising millennial marketing.”

The research also highlighted the high level of brand engagement among podcast listeners. Almost a quarter of listeners are more likely to consider a product if they know the brand is sustainable, compared to 15 per cent of non-listeners.

Fans of the on-demand medium are also more discerning, with a higher proportion only buying from brands that have garnered positive reviews.

“Podcasts offer a unique opportunity for brands to communicate with their target audience in a focused environment, longer messaging can be discussed, and guest speakers can provide authentic advocacy moments,” Kosky added.

The UK podcast industry has enjoyed sharp growth over recent years, with listener numbers almost doubling in the last five years, according to figures from regulator Ofcom.

Supporting City Giving Day

Sunningdale

CELEBRITY GOLF DAY

17 SEPTEMBER 2019

To enter your team please call Nicola on 020 8752 2889 or email nicola.passam@clicsargent.org.uk

Early bird discount available

Samaritans, which through the Lord Mayor’s Appeal has engaged with corporates as a way to maximise its reach and impact, which is crucial.

How will you celebrate CGD?

Engaging in the many activities available in the City, from the Treasure Hunt to the Long Lunch, as well as visiting the many companies raising funds for their own or the Lord Mayor’s Appeal. One day we’ll take up the Tour de City bike challenge but having seen what hard work it is, perhaps not this year!

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Early bird discount available
Firms urged to focus on racial diversity at work

JESS CLARK
@jclarkjourno

The investment Association has called on the sector to act to increase the number of black asset managers. Companies should modernise recruitment processes, establish mentoring schemes and networks, and improve education on inclusion, the Investment Association said in a report published this morning.

The organisation added that race is as important as gender or sexuality in discussions about diversity in the workplace. Fewer than one per cent of investment managers are black, according to Investment Association research. However, people who identify as black make up three per cent of the UK population. In London – where the majority of the UK’s finance industry is based – 13 per cent of the population identifies as black.

Justin Onuekwusi, head of retail multi-asset funds at Legal & General Investment Management and member of the #talkaboutblack diversity advocacy group, said: “It has long been taboo to discuss ethnicity, yet change can only come about once we have these conversations.

He added: “This is leading to tangible action and gives us a real opportunity to make the lasting change that we hope can inspire the next generation of aspiring black asset and investment management professionals.”


“And we need to be connected with all our clients. Just as our customers come from all ethnic backgrounds, so should our people.

Building a diverse and inclusive industry requires self-reflection and honesty.”

“This report seeks to do that by giving a voice to black people who have not previously always been heard.”

Back to the future

Science Museum wheels out driverless cars exhibition looking at the future of autonomous vehicles

THE FUTURE of driverless cars is set to be explored in a new exhibition at the Science Museum this month. The event will look at show are land vehicles such as Duckiebots, which ferry rubber duck passengers through model cities to test programming.

Facebook set to create 500 London tech jobs as it opens Soho hub

JAMES WARRINGTON
@j_warrington

Facebook has said it will create 500 new tech jobs in London by the end of the year as it launches a new engineering centre in Soho.

 Roughly 100 of the new roles will be in artificial intelligence, with many of the employees working to detect and remove malicious content, fake accounts and other harmful behaviour, the company said.

The social media firm plans to employ more than 3,000 people across its three London sites by the end of 2019, as it ramps up its presence in the capital.

SCHRDRERS TALK

Simon Webber explains why Amazon and other e-commerce firms could be a future force for good.

Amazon is not a company normally associated with meaningful strides towards a low carbon future. Although e-commerce is typically better for the environment than heavily air-conditioned, high street stores, speedy deliveries carry a high carbon cost. Any Amazon shopper may feel a pang of guilt – as I have – at using the one day delivery service. But the feeling may be unwarranted.

We believe the company’s efforts to tackle its environmental impact are set to fail dramatically. Climate change is a significant disruptive force for investors and we are focussed on finding companies with the foresight to engage and adapt.

From the use of cloud computing to electrifying the “last mile” of its deliveries, Amazon is an increasingly positive force for climate change efforts.

CLOUD COMPUTING

The business world is now hugely dependent on data centres, but these hubs of processing power consume huge amounts of energy and are expensive to run. The use of cloud computing (where data is stored, managed and processed through a network of remote servers on the internet rather than through a local server) can drastically improve the efficiency of data centres, leading to cost savings and reducing carbon production.

A large-scale cloud provider such as Amazon can achieve 65%, compared to as low as 15% for in-house servers.

If companies move to the cloud, they would require less than a quarter of the servers they would need to install on their premises.

Furthermore, many of the large cloud providers committed to sourcing energy from renewables.

The demand for computing will continue to grow and scale is an important competitive advantage in cloud computing – not just from a commercial perspective but from a climate change perspective as well.

E FOR ELECTRIC?

There is compelling evidence which suggests that e-commerce can be a positive force for good. According to peer-reviewed research by the European Climate Foundation, the carbon footprint of online shopping is dramatically lower than consumer shopping.

E-commerce firms such as Amazon are deploying highly sophisticated technology to optimise delivery density and route planning, and will be faster to adopt electric vehicles than consumers (as delivery vehicles return to the depot for charging frequently so are ideally suited to EV technology).

Companies with large delivery fleets are starting to convert their vans and trucks to electric. This will happen more quickly than in the consumer vehicle market because of rapidly tightening emission regulations and electric vehicles are becoming cheaper to run.

Although Amazon’s own delivery fleet is comparatively small, the emissions associated with their deliveries will be reduced by this electric transition in delivery networks.

It remains unclear how Amazon will achieve its ambitious new plan to make 50% of its shipments carbon neutral by 2030. However, the pace of conversion away from combustion engine vehicles can and will happen fastest in the professional and e-commerce industry. What’s more, companies such as Amazon, which adapt to global challenges such as climate change, put themselves on a far better footing.

As investors in climate change trends, we aim to look beyond the headlines to identify the companies actively engaging with climate change, and to imagine what the future will look like in a low carbon world. Amazon’s approach puts it on the front foot to negotiate the disruption that could destabilise a number of its peers.

Lidl reveals strategy to open 40 stores in the capital in five years

CALLUM KEOWN
@CallumKeown1

Lidl unveiled a £50m expansion plan to create 40 new stores in the capital yesterday, including its first central London store.

The German discount supermarket said the openings would create 1,500 new jobs over the next five years.

A Tottenham Court Road store, near Warren Street Tube station, will become the firm’s most central London location.

The investment also includes a new headquarters in Tolworth, south west London, for the firm’s 800 head office employees.

Lidl, along with fellow fast-growing German discounters Aldi, have consistently stolen market share from the Big Four supermarkets – Tesco, Asda, Sainsbury’s and Morrisons – in recent years.

The pair are worth a combined £34bn more than they were this time last year, and have reached a record market share of 13.8 per cent, according to data from Kantar released at the end of last month.

Lidl’s London expansion will also include stores in Alperton, East Acton, Hactbridge and Watford.

Can Amazon really be a climate change champion?

Simon Webber explains why Amazon and other e-commerce firms could be a future force for good.
FTSE rally out of steam as trade nerves return

The FTSE 100, up for seven days straight after falling more than three per cent in a global stock market sell-off in May, and the mid-cap FTSE 250 dipped 0.4 per cent yesterday.

Oil majors were the biggest drags on the main index as oil prices slid more than two per cent. British American Tobac-
ken will respond quickly with stim-
ular if needed. 

US Federal Reserve and other central
have seen markets convinced that the
weaken global growth, the rises since
last month were driven by fears that
with trade partners were set to
cent yesterday.

However, a timid US inflation report
seemed to bolster hopes of interest
rate cuts. Reckitt Benckiser erased earlier
losses to end 4.4 per cent higher. The consumer goods firm named Pepsi
cosmetic Nasrasham to suc-
ceed outgoing chief Rakesh Kapoor.
Small-cap car dealership chain Pen-

year profit. Shares of
larger peer Auto Trader
shed 2.4 per cent on the FTSE
100.

Shares of sub-prime lender Prov-
dent Financial tumbled 6.6 per cent
on the mid-caps after Canaccord Genuity
cut its rating to “sell”, citing precarious
capital position and dividend
risks.

AM-listed Majestic Wine surged
nearly 10 per cent after a Sky News re-
port that activist fund Elliott Advisors
had launched a bid for 200 of the spe-
cialist wine retailer’s outlets.

Rollercoaster Tycoon 3, Elite Dangerous and Jurassic World Evolution. Broker
Liberm says its publishing partnership adds “medium-term financial upside” and
says there are indications “there are more to come”. The broker retains its 1,800p
target price based on “the increasing visibility of a rising profit curve”. Liberman gives
the stock a “buy” rating.

Computer games company Frontier Developments this week announced its first
publishing partnership. The Cambridge firm has developed games such as
Rollercoaster Tycoon 3, Elite Dangerous and Jurassic World Evolution. Broker
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says there are indications “there are more to come”. The broker retains its 1,800p
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3.1. Reckitt Benckiser picked
Pepsi’s cosmetic Nasrasham as its boss

3.2. Peel Hunt’s analysts are an intrepid lot, judging by their note on Accesso Technology.
They visited the Bear Grylls Adventure in Birmingham to test Accesso’s wearable
tech device the Beartag. Although they do not say if they followed the example of
Grylls in sleeping inside a dead camel or eating a raw snake, they say the visit did allow them to experience the tech first hand. The analysts give the device a positive
write up and say the park’s owner Merlin “sees great potential for Accesso’s technology in other parks too”. They give it a “buy” rating and a target price of 730p.

3.3. EY has announced the appointment of Justine Belton to its UK LLP board and Tonia Lovell as a UK
LLP Board, Justine will take over as EY’s UK
company secretary to the UK LLP Board, Justine will take over as EY’s UK

3.4. Banks fall on prospect of US Fed rate cut

ALL Street ended down slightly yesterday, with Bank

3.4.1. The Dow Jones Industrial Average fell 43.68 points, or 0.17 per cent, to 26,004.83, the S&P 500 lost 5.88 points, or 0.20 per cent, to 2,879.84 and the Nasdaq Composite dropped 29.85 points, or 0.38 per cent, to 7,792.72.

3.4.2. S&P 500 utilities, which are
positively affected by falling rates, was
the day’s best-performing sector, rising
1.3 per cent.

3.4.3. Accesso Technology, Applied
Materials and Lam Research dropped more than five per cent each.

3.4.4. To appear in CITYMONE please email your career updates and pictures to citymoves@cityam.com
The age of fax machines is long gone, and now the pensions industry must catch up

Don’t ignore the powder keg sitting on the EU’s doorstep

Western attention is at best fitful, but when Europe takes its eye off the Balkans, things rarely go well

The pensions industry stands at a crossroads in the digital world.

LETTERS

TO THE EDITOR

Running out of time

[Re: Government plan sets UK on track to cut emissions to zero by 2050]

Climate change makes investment change an imperative, and the wider investment and finance community needs to take this seriously. Thankfully, the signs are that finance is starting to take this issue seriously beyond having it as a fashionable panel debate topic.

Central bank officials, including our own Bank of England governor Mark Carney, have all made heated comments about how climate change is a threat not just to our planet but our financial stability, proposing the incorporation of climate risks into their macro-economic modelling. In private finance, capital is being pulled out of carbon-intensive assets due to the very real risk that they become stranded as climate restrictions come into play.

With a growing number of investors refusing to partner with firms which still invest in sinful assets like coal.

But more can always be done. All of us in finance must step forward and take our actions towards making triple net investing – judged on planetary, social and financial returns - a reality.

That’s crucial that finance starts moving in this direction now, as time is running out.

Nick Jacobs, chief executive, Rowan

BEST OF TWITTER

The voting method at the EU parliament. Just practising voting “No”. From what I am finding it seems that legislation proposed by the un-elected commission always passes. Have only been here a day, but it’s very clear, there is no democracy here.

@LanceForman

There is no “democracy here” says the guy who was literally democratically elected, calls himself “MEP Elect,” and is literally advertising his democratic right to power as democratically elected.

@HindSchip

Prepare to see the Establishment media, civil servants and opinion formers throw everything they can at Boris. Like all monstrous oligarchies, they are desperate to preserve the old order.

@TheScepticIsle

Yes Douglas, the “monstrous oligarchy” is terrified that the “old order” is going to be overthrown by the unelected establishment Boris. Oxford graduate, £250k a year Telegraph columnnist, career politician, Alexander Douglas Johnson. Uh-uh.

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People who like Boris will think he’s played a blinder, people who can’t stand him will think he’s done appallingly. People who know about him will be conflicted. Because what he’s mostly doing is “be Boris”.

@AlejandroDos

Boris Johnson admits he may have tried cocaine at university, but contrary to appearances denies there’s still some in his system.

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THE STORY OF EUROPE'S LAST WAR

“Shadowplay: The Inside Story of Europe’s Last War”, is out now, published by Elliot and Thompson. He is a journalist. His latest book about the Kosovo War, “Story of Europe’s Last War” , is out now, published by Elliot and Thompson. He tweets @Itwitius.

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@TheScepticIsle

People who like Boris will think he’s played a blinder, people who can’t stand him will think he’s done appallingly. People who know about him will be conflicted. Because what he’s mostly doing is “be Boris”.

@AlejandroDos

Boris Johnson admits he may have tried cocaine at university, but contrary to appearances denies there’s still some in his system.

@havegotnews

THE STORY OF EUROPE'S LAST WAR

“Shadowplay: The Inside Story of Europe’s Last War”, is out now, published by Elliot and Thompson. He is a journalist. His latest book about the Kosovo War, “Story of Europe’s Last War” , is out now, published by Elliot and Thompson. He tweets @Itwitius.
WE WANT TO HEAR YOUR VIEWS  E: theforum@cityam.com  COMMENT AT: cityam.com/forum  

Remainers rejoice, a second referendum seems inevitable

WHAT a noisy week in politics. The Tory leadership contest is now fully under way, with contenders trying to out-Brexit each other with their visions of how to get Britain out the EU. There’s even been the threat from some Brexiteers to prorogue parliament, much to the outrage of many. But there are some Remainers watching smuggly as events unfold. Because with every twist and turn, a people’s vote looks increasingly like the only solution.

Before he dropped out of the Tory leadership race, Sam Gyimah let slip that a growing number of Conservative MPs have admitted, albeit privately, that a second referendum is the only way to resolve Brexit. And those outside of parliament are preparing. The Electoral Commission has drawn up contingency plans in order to respond quickly to any unscheduled poll.

For Remainers like mine – the Liberal Democrats – we are practically popping the champagne cork. Because how can we not have a second referendum?

Parliament just hasn’t got the maths to crash out without a deal. Despite the chronic disarray within the Labour party, there is a determination to prevent the disaster of a no-deal scenario. Yesterday’s motion may have failed, but only by a whisker, and it is obvious that this won’t happen. The EU has said over and over again that the backstop is not up for renegotiation.

And even if the EU were open to the idea, there simply isn’t enough time. Whoever the next Prime Minister is, they won’t be in office until late July, and will have to renegotiate the deal with Brussels and get it passed by parliament – all before 31 October, alongside the threat of a General Election.

So that leaves the third and only other solution: a people’s vote on the direction of Brexit. And if that happens, I believe that support for stopping Brexit entirely would outweigh not require the permission of the other 27 member states, but that would be political suicide for the new leader.

We could seek alternative arrangements for the Irish border to replace the backstop, as many of the Conservative leadership hopefuls say they can and will do. But this is a complete fantasy. The EU has said over and over again that the backstop is not up for renegotiation.

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Dinesh Dhamija is a newly elected Liberal Democrat MEP for London.

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DEBATE

Should we get rid of best-buy lists for investment funds following the Neil Woodford scandal?

As the Financial Conduct Authority highlighted in its 2017 study, there are concerns around links between funds on so-called “best-buy” lists and the platform providers. The suspension of the Woodford Equity Income Fund has brought this sharply into focus – as retail investors with some of the country’s largest investment platforms are wondering when they’ll be able to access their money.

The fallout calls into question a number of issues for the industry, including: the appropriateness of the fund recommendations for a mass market retail audience; the frequency and transparency of the due diligence process for funds on best-buy lists; and whether they can and will do. But this is a complete fantasy. The EU has said over and over again that the backstop is not up for renegotiation.

Over four million people in the UK manage their own investments. But eight out of 10 people rate their confidence in choosing a fund at six out of 10 or less. We need and want validation and help. Adding to the headline are the 33,000 investment funds in Europe – all touting their own horizons about how wonderful they are. It’s a nightmare. Filtered, shorter and better rankings are essential.

About a third of DIY investors’ money last year went to funds in best buys list. With great power comes great responsibility, and they obviously need a rethink when it comes to oversight, scrutiny, and justification. Also, the finance industry is awful at telling stories and using digital and visual assets to explain and highlight need to know information. It’s time for them to up their game.

Best-buy lists need to be better communicated, probably independently scrutinised, and clearer about what they are trying to achieve. But they are fundamentally important – they are seen as promises of quality.

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Shaun Port is chief investment officer of Nutmeg.

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Holly Mackay is chief executive and founder of boringmoney.co.uk.
SHIRT with the word “legend” plastered across the front? A trio of “bad boy” chilli sauces? A customisable BBQ branding iron? Father’s Day really is an object exercise in gifting tat.

Such tokens are inconsequential and ephemeral – destined for a cluttered kitchen drawer. Better to get dads something they actually want. Simply, more time with their kids.

I’m one of the lucky ones. When the right to request shared parental leave (SPL) was introduced in 2015, my wife was pregnant with our first child, Federico. Rather than the standard 52 weeks of maternity leave and two for paternity, the change meant that we could share up to 50 weeks between us.

Thankfully, the firm I work for – 23red – is more progressive than most, and encouraged me to take time off.

But I’m an anomaly. Anecdotally, my industry peers don’t take more than the prescribed fortnight. Nationally, the number of parents taking advantage of SPL is tiny. Just 9,200 parents did so in 2018. When one considers that there were 679,106 kids born in the UK last year, this paints a stark picture.

Starker still is the stigma attached to “stay-at-home dads”. The notion that men need to play the role of breadwinner certainly seems to contribute to the dearth of uptake. Indeed, HR directors interviewed in 2016 suggested that taking SPL could be “frowned upon or career limiting”... for men.

Outmoded preconceptions of masculinity aren’t the responsibility of businesses (except for, ironically, those in my game – advertising). But highlighting the policy, and being prepared for fathers who want to take extended paternity leave, definitely is.

Alarmingly, almost half of HR professionals admit that they don’t actively promote shared parental leave within their organisation.

Most important to me, though, was the first day that I was fully in charge, rather than merely supporting his mum. It was slightly terrifying, but being the primary carer, rather than a bit player, allowed me to bond with my son during the most formative part of his life, in a way that many fathers will never experience.

Getting to take a hands-on role in raising Fede was incredibly satisfying and made me reflect on why more new fathers aren’t choosing to take the option. After all, a mounting body of evidence makes clear the benefits of SPL to wider society.

For instance, SPL fundamentally reduces gender pay inequality: when women can go back to work, their careers thrive. Also, families that take SPL are more likely to stay together. And in those that don’t, the father takes a more active role. Kids achieve higher marks at school, are better adjusted, and have greater self-confidence. The list goes on.

Getting to take a hands-on role in raising Fede was incredibly satisfying and made me reflect on why more new fathers aren’t choosing to take the option. After all, a mounting body of evidence makes clear the benefits of SPL to wider society. The role of fathers in their children’s lives is changing. However, it is still the case that mothers in two-parent families take on responsibility for twice as much of the childcare, and most of the domestic work. It’s archaic, and it means that both kids and fathers miss out.

So this year, after the dog has eaten that miniature drone, why not get your staff a proper Father’s Day gift, and let them know that they have the option of taking SPL?
Katherine Denham looks at the potential consequences of the Tenant Fee Ban

Welcome to a new era, where unscrupulous letting agents are no longer allowed to demand that tenants pay hundreds of pounds in unjustified fees.

The new law has been several years in the making, but at the start of this month, it finally became illegal for letting companies in England to charge tenants rip-off fees. Cue the sighs of relief from the millions of renters, who — according to Generation Rent — were paying up to £813 in fees every time they moved.

With these fees combined with the added burden of deposits (which are refundable, but payable upfront), it’s not surprising that many young people have had to ask family or friends to help them with the costs of moving. Meanwhile, refundable holding deposits — which are used to reserve a property — are capped at the equivalent of one week’s rent. And unless the letting agent can justify a greater expense, they can now only charge tenants a maximum of £50 for any amendments to be made to the agreement during the tenancy.

If you are more than 14 days late on your rent, you can also be liable for a “default” fee, which is charged as interest — though it cannot be more than three per cent above the Bank of England’s base rate (currently 0.75 per cent) for each day that the payment has been outstanding.

To put this in monetary terms, for those in London, you would only be liable to pay £3.18 on average for the whole month your rent is late. “Don’t be fooled by hefty charges for late rental fees,” says Tom Gatzen, co-founder of Ideal Flatmate. “Although, of course, it’s much easier to be a good tenant and pay your rent on time.”

A default fee also applies if you need a lock or key fob replaced, but the letting agent has to provide written evidence to show that any costs are reasonable. Bear in mind that fees still apply if you want to terminate your contract early — in fact, that’s the one area of the letting industry where the charge remains variable.

“Early termination of a contract can put a landlord at a disadvantage, and early termination fees can include any outstanding rent plus an additional charge from the letting agent,” says Gatzen. “Fees will be dependent on the agent, so try to avoid exiting early at all costs in order to dodge any unfair fees.”

Rising rents?
With such a massive overhaul of the rental rules, it’s possible that there will be some knee-jerk reactions, particularly as letting agents grapple with new business models.

Since the ban was promised by the government three years ago, much of the private rental sector has warned that rents could climb as a result. Whether this will happen is up for debate — rents haven’t increased in Scotland, where a tenant fee ban has been in place since 2012.

Andrew Turner, chief executive at Commercial Trust Limited, thinks it’s unlikely that rents will rise. “On the whole, landlords are not out to make a quick buck, and many would rather retain a good tenant than risk losing them over rental hikes.”

Indeed, Turner suggests that rental increases will be a last resort for most landlords, particularly as letting agent fees and management fees are tax-deductible, meaning that landlords don’t bear the brunt of the cost because they can reclaim the tax on additional charges.

Will they comply?
With community union Acorn warning that some letting agents are planning to disregard the new rules, there are concerns about how effectively the fees ban will be enforced.

One way to gauge how compliant these companies will be is to look at how they’ve behaved with older laws.

Back in 2017, Generation Rent published research which found that 131 of 1,088 letting agents were in breach of the Consumer Rights Act by failing to display the fees they charge to tenants. This Act, which came into force in 2015, requires letting agents to outline their fees in branch and on their website. The penalty for failing to do so is £5,000.

When Generation Rent conducted new research this year, looking at the 131 agents that weren’t compliant in 2017, plus an additional 61 (some of which had been reported to the campaign group), it found that 21 letting agents were breaking the law.

“The scale of malpractice from the lettings industry is shocking, and in some instances, they were found to be deliberately misleading tenants,” says Georgie Laming, campaigner at Generation Rent. “While the Tenant Fees Act is a brilliant victory for renters, it is clear that we need better enforcement of the law if it is to work properly.”

And if they break the law?
If your landlord or agent is asking you to fork out on any unlawful fees, you should refuse. If they insist, get evidence in writing, and make sure that you keep a record of any correspondence.

For renters who pay a prohibited fee after 1 June, there are ways of getting this money back — first by asking your letting agent directly. If they still refuse, you can lodge a complaint with the relevant redress scheme, before escalating to your local authority. Make sure you keep written confirmation from the agent, as well as any receipts, invoices, and bank statements.

Letting agents who breach the ban will be liable for a fine of up to £5,000. If they breach the ban again, the penalty ramps up to £30,000 or prosecution.

Hopefully, this will be enough to deter dodgy letting agents, but for this ban to be properly enforced, part of the responsibility lies in the hands of tenants to report any wrongdoing to local authorities.

But more positively, let’s hope that these new rules will be the catalyst that encourages letting agents to provide a good service.

Who knows, perhaps tenants will finally be treated like customers, rather than a cash cow.
As gaming’s biggest event draws to a close, here are the most exciting games from the show

1. WATCH DOGS LEGION
British politics has now well and truly seeped into the cultural groundwater. According to the game’s French publisher Ubisoft, the latest entry in the Watch Dogs series is set in a dystopian vision of “post-Brexit” London.

The Grand Theft Auto-like allows you to freely drive and roam around a near-future version of the capital, in which advanced surveillance technology has been used to George Orwell the place up a bit.

You’re part of the hacker resistance, able to recruit members of the British public to join your ranks. In practice this means you can take control of anyone you see, from random pedestrians to little old ladies waiting for the bus, and have them enthusiastically hurl themselves into danger with the goal of freeing the city from the clutches of the tactfully-left-nameless authoritarian regime.

Out March 2020, Ubisoft

2. DOOM ETERNAL
While other franchises have matured, adding characterisation, branching storylines and settings that subtly satirise modern geopolitics, Doom has remained defiantly straightforward since conception. You are a man with lots of guns who strolls through a portal to hell to kill as many demons as possible.

In this year’s Doom Eternal, your massacre begins on a Martian moonbase on Phobos, before taking the fight into Hades. New improvements include drop-in multiplayer (a la Dark Souls), and demons that blast into their constituent limbs in an anatomically accurate and bloody fashion.

Out April 2020, CD Projekt Red

3. ANIMAL CROSSING: NEW HORIZONS
The only game anybody really needs to care about. Animal Crossing simulates an idyllic village life where your primary concerns are shaking trees, digging up furniture, and convincing little virtual animals to be your pals.

New Horizons – the first entry in the series since 2012 – invites players to set up home on a desert island.

Out March 2020, Nintendo

4. DEATH STRANDING
Death Stranding is the first game by mercurial Japanese director Hideo Kojima following his acrimonious split from Konami. It appears to be an Inception-style psychological drama set in a post-apocalyptic future where the protagonist can flit between different historical conflicts using babies as a kind of portal. Or something. It will star Norman Reedus, Mads Mikkelsen and Lisa Sadow, as well as film directors Guillermo del Toro and Nicolas Wind- ing Refn. The mo-cap acting looks first class and the gameplay appears to have all of the polish of Kojima’s genre-defining Metal Gear Solid V.

Out November 2019

5. HALO INFINITE
Halo Infinite has been confirmed as a launch title for Microsoft’s new generation console, codenamed Project Scarlett. The good news for the current-gen owners is that it will also be available on Xbox One. The trailer confirmed – as if any confirmation were needed – that Infinite will be more of the silly space opera we know and love, with breathtaking graphics and some neat shooty shooty to boot.

Out late 2020, Microsoft

6. CYBERPUNK 2077
First announced in 2012, Cyberpunk 2077 is an RPG about a vast, futuristic megalopolis in which everyone’s augmented with cool bionic eyes and flashy knife arms. Now, with less than a year until its release in 2020, it’s by far the most anticipated game at this year’s E3.

Out April 2020, CD Projekt Red

7. BORDERLANDS 3
It’s been seven long years since Gearbox’s last mainline entry into the Borderlands series, and fans had all but given up hope. But a third game will finally drop in September, and judging by the latest gameplay trailer at E3, it looks like everything we’ve been hoping for. Packed with cartoon violence and frenetic gunplay, this will be the shooter to beat this year.

Out September 2019, 2K Games

8. CALL OF DUTY: MODERN WARFARE
It’s been eight years since Modern Warfare 3 was released, which is apparently enough time for Activision to drop the number 4 from the new entry and hope that nobody notices we’ve been here before. The return to contemporary combat after the series’ giddy detour into near-future science fiction also brings with it the return of a full-featured single player campaign. This time it’s about the SAS thwarting baddies all around London.

Out October 2019, Activision
England’s need for speed against Gayle

ENGLAND play West Indies at the Rose Bowl tomorrow and I’m sure they won’t be complacent about what Jason Holder’s side can do. West Indies’ bowling attack have shown how good they can be, denying Pakistan for just 165 in their opening game and reducing Australia to 79-5 in their second with aggressive short-pitch bowling.

While Trevor Bayliss and his players will have spoken about how to combat batsmen, I think it’s a batsman they will fear the most. Chris Gayle may be 39 years old but the memory of the menacing Gayle in the world – a fact England know all too well, having been on the receiving end of his destruction already this year.

GATLAND’S LIONS NEED THE BUSINESS

Wales head coach will lead the Lions for a third time despite claiming he would never coach them again, writes Michael Searle

I N THE wake of the tour to New Zealand two years ago he insisted he would never coach the British and Irish Lions again, but Warren Gatland is back in the hot-seat for South Africa in 2021 as he looks to continue his unblemished record.

Having led the Lions in undefeated series against Australia and the All Blacks, Gatland has an opportunity to become the first Lions coach in history to go three tours unbeaten – and to become the first Lions coach in history to return to New Zealand to see the Rose Bowl again as well.

After years of continual pain, struggling with putting on his socks and completing everyday tasks, Murray himself is realistic about his prospects. His time away from tennis has given him a new approach. If he can return to singles it will be on his own terms.

“If I come back to play singles I’m going to have a completely different perspective on how far I can go as a level above in terms of hip movement. However, Murray does have many things going for him.

“Most people wouldn’t expect that – he’s got the best physios, nutrition and daily exercises and he’s highly motivated. All these factors give him the best possible outcome.

“Even at four and a half months it’s incredible that he’s ready to get back to competitive tennis. That’s fantastic. Most people wouldn’t expect that – they’d say six months at the earliest – but he’s an elite athlete, so he’s got everything in position to allow him to return as quickly as possible.”

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by that. As I’ve said it was one of the hardest things I’ve ever had to do as a coach. I don’t know if that was a subtle way to rule himself out of contention.”

He also dismissed the idea of coaching the All Blacks, but admitted he is looking to return to New Zealand to join a club side.

“I’m talking to a couple of people about what I’m going to do post-Lions, but there’s nothing formal,” he said. “My plan is to go back to New Zealand, and if there’s an opportunity, some Super Rugby, that’s where I see my pathway.”

Whatever happens in 2021, Gatland will go back to his native country as a great servant to the red jerseys of both Wales and the Lions.
**SPORT**

**REDEMPTION** Warner’s battling century leads Australia to 41-run victory over Pakistan

**GATLAND’S BACK** The Kiwi will lead the Lions for a third and final time in 2021

**SPORT DIGEST**

**FROOME OUT OF TOUR DE FRANCE AFTER CRASH**
- Four-time champion Chris Froome has been ruled out of the Tour de France following a serious crash before stage four of the Criterium du Dauphine yesterday. Team Ineos principle Dave Brailsford said Froome had fractured his right leg, elbow and ribs after hitting a wall at 60mph while taking his hands off his handlebars to try and blow his nose. The 34-year-old would then have been chasing a record-equalling fifth victory in the Tour, which starts in Brussels on 6 July.

**HOSTS FRANCE BEAT NEPAL FOR SECOND WIN**
- France all but secured a place in the knockout stage of the Women’s World Cup last night with a 2-1 win over Norway. Valerie Gauvin gave the hosts the lead, but an own goal from Wondie Berhan made it 1-1 before Eugenie Le Sommer’s penalty secured a second victory. Earlier, Sara Daebritz’s goal was enough for Germany to beat Spain 1-0, while Nigeria sunk South Korea 2-0.

**BUTTLER & MOEEN BACK FOR WEST INDIES MATCH**
- Jos Buttler and Moen Ali are expected to be in England’s side for tomorrow’s World Cup match against West Indies in Southampton. Buttler trained on Wednesday after shaking off a bruised hip which hindered him in Saturday’s win over Bangladesh, while Moen has rejoined the squad following the birth of his second child.

**SWANSEA’S JAMES JOINS UNITED IN £15M TRANSFER**
- Manchester United completed the £15m signing of Swansea winger Daniel James yesterday. The 21-year-old penned a five-year contract to become Ole Gunnar Solskjaer’s first signing. “Daniel is an exciting young winger with lots of skills, vision, exceptional pace and a good work ethic,” said Solskjaer.

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**BACK FROM BREAK POINT?**

**Andy Murray will find it ‘very difficult’ to return to elite level, leading hip surgeon tells Felix Keith**

**AFTER 154 days without competitive tennis – a period which involved a much-discussed operation, extensive rehabilitation, plenty of pain, but also time with his family and friends – Andy Murray will make his long-awaited return at Queen’s Club next week.**

It may come on the doubles court rather than the singles and may be in Kensington rather than Wimbledon, but following a near-five-month hiatus the Fever-Tree Championships represent a significant, potentially make-or-break moment in Murray’s career. The 32-year-old has often spoken of his desire to play at Wimbledon again – be it as a last hurrah or as the starting point of a new chapter in his career – and his run-out alongside Feliciano Lopez next week will provide the first indication of which it’s most likely to be. “I’m pretty relaxed about whether I got back onto a court competing again, or not,” he told Amazon Prime recently. “It would be nice to, but if I don’t I’m OK with that as well. If my match in Australia [in January] was my last one then it’d be a great one to finish on.”

Murray has long suffered with hip problems, with the injury hampering his performance increasingly in recent years. Having already had keyhole surgery in January 2018, the Scot decided after his epic five-set defeat by Roberto Bautista Agut in the first round of this year’s Australian Open to undergo another one in a last attempt to solve the problem. On 29 January he took the plunge, undergoing a hip resurfacing procedure, which, unlike a conventional hip replacement, involves smoothing down the ball at the top of the thigh bone, covering it with a metal cap and putting another layer of metal in the pelvic socket to reduce friction. Since then it’s been a long road back for the three-time grand slam champion. “The first six or seven weeks were pretty hard – it’s just uncomfortable and then trying to exercise through that as well isn’t particularly nice,” Murray explained. “Then I’d probably say from weeks eight and nine it really started to go quite nicely and I’ve been able to do a lot of things I’ve not done for a really long time without pain, like playing golf and walking the dogs.”

Murray is now at a stage where he can do more than just walk the dogs, but hip specialist Dr Zameer Shah, a consultant orthopaedic surgeon at Guy’s and St Thomas’, says fans should temper their expectations. “The main bearing that he has allows him to be more adventurous in what he can do – he can hit it hard, jump on it and land on it,” he tells City A.M. “But it’s very unusual for someone who’s had this operation to get back to elite level sport of any kind. It’s very difficult. That’s not to say it’s impossible.”

Murray said yesterday that although he is “feeling good and pretty much pain free” it was “baby steps” for the time being. Having chosen to ease himself back with doubles at Queen’s and Wimbledon as it is less physically demanding, he will also be encouraged by the experience of American doubles player Bob Bryan, who is back playing following a similar operation. **CONTINUED ON PAGE 23**