BORIS PLANS BILLIONS FOR BREXIT FIGHT

HARRY ROBERTSON
BORIS Johnson’s new government is working on the assumption that Britain will leave the European Union without a deal on 31 October and is set to ramp up borrowing to cover the costs, ministers said yesterday.

Chancellor Sajid Javid, promoted in Wednesday’s brutal cabinet reshuffle, will this week reveal the government’s plans to fund no-deal measures, such as hiring extra border security guards. There will also be a massive public information campaign on the implications of a no-deal exit.

Newly installed chief secretary to the Treasury, Rishi Sunak, told Sky News that the extra money would come from the government’s “fiscal headroom” — the amount the UK can borrow and still keep debt falling as a share of GDP, which ministers claim is around £26bn.

The extra borrowing is part of John- son’s efforts to fulfill his leadership pledge to deliver Brexit by the end of October “come what may”. Michael Gove, who is now overseeing no-deal preparations as head of the Cabinet Office, said yesterday that planning for no deal was the government’s “number one priority”.

Writing in the Sunday Times, he said he hoped the EU would change its mind and reopen negotiations on the deal Theresa May failed to push through the House of Commons three times.

“But we must operate on the assumption that they will not,” he said. Gove added that “every penny needed for no-deal preparation will be made available”.

Sunak said: “We can afford this... because there’s been some very care- ful management of the economy.”

Lower borrowing and higher tax receipts led ex-chancellor Philip Ham- mond to highlight the government’s capacity to borrow more and still meet its budget targets.

However, a no-deal exit could cost more than this, according to the UK’s budget watchdog.

Last week, it warned that leaving the EU without a withdrawal agree- ment could lead to a borrowing binge of £36bn a year to offset falling tax receipts.

Sunak said the government will hire more border force guards, invest in new IT infrastructure and launch a public information campaign, among other measures, as part of its no-deal planning.

The statement of intent from John- son’s new ministers was accompanied by a “Boris bounce” in the polls. The PM earned the Tories a 10-point jump in a poll for the Mail on Sunday, and a six point boost in a Sunday Times poll, seeing the party overtake Labour.

Yet not all Conservatives were impressed by the government’s will- ingness to accept a disorderly Brexit.

The leader of the Scottish Tories, Ruth Davidson, said yesterday that if it comes to a no-deal Brexit, “I won’t support it”. Davidson is far from alone, with fresh reports also emerg- ing over the weekend of Hammond’s strategy to thwart a no-deal scenario.

Delays, anger and a call for executive drug testing in Sports Direct filings

ANNA MENIN
SHAREHOLDERS in Sports Direct have come to expect the unexpected but even seasoned investors would have felt their patience tested as they waited — and waited — for the retailer’s results last week.

By the time trading closed on Friday, when the delayed results promised at 7am had failed to materialise, it was clear that something had gone very wrong at Mike Ashley’s retail empire. But even so, few expected the statement to be as gloomy or as unorthodox as it turned out to be. Finally released just ahead of an early-evening press conference, the rambling 44-page document veers between stark assessments of the state of the billionaire’s businesses and attacks on financial regulators, the government and auditors.

One of the more intriguing inclusions may have passed harried investors by: Ashley’s call for the Financial Conduct Authority (FCA) to carry out voluntary drug testing for the heads of listed companies. “Having such undisclosed personal issues could lead to blackmail and force [chief executives] and [chief financial officers] to make decisions based on saving their own skin and potentially reducing shareholder value,” he said.

The FCA declined to comment on Ashley’s proposal.

The colourful billionaire’s own private life has been previously featured in the spotlight, after a 2017 high court battle revealed his competitive drinking antics in a London pub.

Elsewhere in the results document, the billionaire said that House of Fraser’s problems are “nothing short of terminal in nature”, and admitted his decision to buy the department store chain last year might have been different “if we had the gift of hindsight”. Ashley, never short of surprises, saved the most explosive revelation for last: that Sports Direct had been hit with a £605m tax bill by Belgian authorities, including “200 per cent penalties and interest”. The firm will enter into mediation over the bill.

Following the results, one investor is said to have written an open letter to the tycoon, seen by the Financial Times, calling for the firm to increase its spending on corporate governance.

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THE CITY VIEW

Buybacks are vital for our economic health

Political opposition to share buybacks has become so fierce in the US that it was unsurprising to hear Alexandria Ocasio-Cortez ramp up the rhetoric at the end of last week, bizarrely describing the practice as “a huge Ponzi scheme”. The doyen of the Democratic left was specifically referring to pharmaceutical companies that return cash to shareholders. Given the perception of Big Pharma among the US left, her choice of target was predictable. However, complaints about buybacks across the pond are not limited to AOC’s side of the spectrum; large elements of the Republican party have also decried buybacks as a Wall Street trick to further enrich wealthy shareholders at the expense of investment, economic growth and higher wages. Buybacks have soared in recent years, coming in at $223bn (£180bn) at the end of last year according to S&P Global research – nearly double the level of three years ago. Some of the more sophisticated arguments around buybacks may warrant attention. For example, are executive pay packets blunt and short-termist enough to excessively encourage buybacks? While the evidence is far from conclusive, it is a worthwhile question, and City A.M. has advocated simpler remuneration schemes partly to avoid the unintended consequences of warped incentives. However, the idea perpetuated by many senior US politicians that buybacks are some kind of unnecessary and malign practice, harming workers and the wider economy, is absurd. It is entirely reasonable for a firm to return money to shareholders when it judges that it does not have the power to invest the same cash in a way that would create greater returns. Buybacks allow companies that genuinely require cash for expansion plans. A comprehensive study conducted last year by three European professors of finance rejected the claim buybacks are detrimental to long-term growth. The leading academic Alberto Manconi, who studied 9,000 buyback announcements, recently told Bloomberg that buybacks do not restrict overall investment. “That is an argument that is very puzzling to an academic,” he said. In her attack last week, AOC concluded: “Congress needs to end the stock buyback.” On the contrary, politicians in the US and beyond need to take a more nuanced look at this issue and stop proposing blunt measures that threaten the health of capital markets required to fuel a growing economy.

RALLY IN RUSSIA
Mass arrests as police officers use force on campaigners in brutal crackdown at Moscow opposition protest

More than 1,000 protesters have been arrested at a Russian rally following demonstrations against the exclusion of opposition candidates in local polls. Alexei Navalny, Russia’s outspoken opposition figure, has also been taken from jail to a hospital. His spokesperson said yesterday that he had an allergic reaction, though local reports suggested he may have been poisoned.

LSE deal is facing probe on both sides of Atlantic

The City is braced for a spree of deals with the City A.M. source familiar with the matter. The move, first reported by the Financial Times, would come less than a year after Blackstone bought a majority stake in Refinitiv from Thomson Reuters for $17.3bn. A takeover would transform LSE into a major player in the financial data sector and a competitor to Bloomberg Terminal, which provides market data, news and research. Refinitiv’s services, which include the Eikon and Tradeweb platforms, are used by more than 40,000 institutions worldwide. The combined group would have revenue of more than £6bn, and LSE said it hoped a takeover would create cost savings of £390m per year. Based on the value of the deal, Blackstone will have roughly doubled the value of its original investment in Refinitiv. Reuters reported, citing a source familiar with the matter. Blackstone would become LSE’s largest shareholder, while Thomson Reuters said the deal would give it a 15 per cent stake in the company. However, the limiting of voting rights to less than 30 per cent would allow the firms to sidestep City rules that could have forced them to make a takeover bid for the whole of LSE. The exchange company has enjoyed strong trading in recent months, with shares rising more than 25 per cent since January.

A merger would mark LSE’s first major deal since its proposed £21bn merger with Deutsche Boerse was blocked by EU regulators in 2017. Goldman Sachs, Morgan Stanley and Bobey Warshaw are all said to be working with LSE on the deal.
US PRIVATE equity firm Advent International’s £4bn offer for Cobham came under scrutiny over the weekend amid shareholder divisions and speculation of rival bids for the defence group.

Some of Cobham’s largest shareholders have been split in their support for the offer, which marks the latest in a series of public companies being bought out by private equity.

Last Thursday, Advent offered a 165p-a-share takeover bid for the British aerospace group, representing a 34 per cent premium to Wednesday’s share price.

Artemis Investment Management, which holds a 5.1 per cent stake, is supporting the takeover, according to Cobham.

Yet Cobham’s largest shareholder, Silchester International Investors, which controls an 11.8 per cent holding, said it did not view the offer as “compelling”.

The London-based group also urged Cobham’s board to “seek and respond” to other potential bidders.

The deal for Cobham, which is known for pioneering air-to-air refuelling technology, requires 75 per cent shareholder approval.

The Mail on Sunday reported yesterday that British engineering business Meggitt is mulling a possible bid for the group.

Meggitt declined to comment, but one source at the firm insisted that the FTSE 250 engineer was “categorically not looking at a deal”.

Advent’s takeover of Cobham could attract the scrutiny of politicians less than 18 months after GKN was acquired in a hostile takeover by turnaround group Melrose Industries.

The deal caused alarm among politicians and unions over the fate of the centuries-old British engineering company.

Just Eat has been under pressure from one of its shareholders to merge

MEAL DEAL: TAKEAWAY.COM AND JUST EAT CONFIRM MERGER TALKS

SEBASTIAN MCCARTHY

JUST EAT confirmed over the weekend that it is in discussions to agree a £9bn tie-up with Dutch rival Takeaway.com.

A statement released by Just Eat said: “The possible combination may be implemented by way of an offer for Just Eat by Takeaway.com.”

The talks, first reported by Sky News, come after months of pressure on Just Eat’s board from Cat Rock Capital, an activist investor that has been calling on the group to merge its operations with Takeaway.com amid mounting competition within the food delivery industry.

Peltz ramps up pressure to sell Ferguson arm

SEBASTIAN MCCARTHY

VETERAN activist investor Nelson Peltz is said to have told FTSE 100 group Ferguson to offload its UK operations.

The plumbing and heating firm is coming under pressure from Peltz’s Trian investment vehicle to sell its UK arm as part of a wider retreat from Britain, according to Sky News.

A potential auction would attract significant interest from private equity firms, sources told the broadcaster, providing that the blue-chip’s board agreed to sell the arm.

Last month, Peltz surprised the City when his hedge fund swooped up a six per cent stake in the FTSE 100 company.

The Wall Street billionaire’s UK vehicle Trian took a holding worth roughly £736m in Ferguson, a company that was previously known as Wolseley.

Peltz’s activist fund, which has previously put pressure on Cadbury over shareholder returns, said the firm was an attractive investment trading at a discount to its US peers.
Primark calls for rent cuts in bid to match rivals

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PRIMARK is said to be demanding rent cuts on dozens of stores as it seeks to keep up with struggling rivals that have cut costs through insolvency procedures.

The fashion chain is asking landlords to slash rent by 30 per cent on stores where the leases have several years remaining, and is offering lease extensions or refurbishments in return, the Sunday Times reported.

Embattled high street rivals, such as Debenhams and Topshop owner Arcadia, have used company voluntary arrangements to shut stores and slash rents in a bid to stay afloat.

While Primark has not been pushed into insolvency, it appears the firm is looking to keep up with the advantage gained by its competitors.

Primark declined to comment on the mooted cuts, but said: “In principle, we may on occasion look to secure rent reductions. “We have a duty to our shareholders to maintain a competitive cost base, and we seek to maintain good relationships with our landlords,” the firm added.

While rent reductions would be unwelcome for landlords, lease extensions and renovations serve to increase the value of the property.

The Dublin-based retailer, which is a subsidiary of Associated British Foods, has proved resilient to the impact of lower footfall and increased costs, which are crippling many high street stalwarts.

The firm’s sales rose four per cent year-on-year in the 40 weeks to 22 June, though this growth was fuelled largely by new store openings.

The company recently opened a flagship 160,000 square foot store in Birmingham, and its new locations in Bordeaux and Ljubljana have posted better-than-expected trading.

Other retailers, including Schuh and Ann Summers, are also demanding rent reductions from landlords, according to the report.

Rival fashion chain Next last year secured a 29 per cent reduction on rents at 19 of its stores, and is reportedly looking to renegotiate contracts at dozens more locations.
**Federal Reserve set for first rate cut in a decade**

**HARRY ROBERTSON**

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THE US FEDERAL Reserve is set to cut interest rates for the first time in a decade when it meets this week in a pre-emptive effort to stave off the effects of trade tensions.

Market players think it is certain that the Fed will cut rates. Based on trades, the implied probability of a 25 basis point or 0.25 percentage point cut on Wednesday is 79 per cent, according to a closely-watched gauge from CMGE Group.

Traders think there is a 21 per cent chance of a deeper cut of 50 basis points or 0.5 percentage points. It would be the first rate cut of the federal funds rate since the US central bank slashed borrowing costs in the wake of the financial crisis to 0.5 per cent. An interest rate cut makes borrowing cheaper and encourages spending, which is likely to boost the US economy.

The Fed raised its main rate from the post-crisis level in early 2016 to between 2.25 and 2.5 per cent by the end of 2018, where it has since stood. Rising rates and trade war with China and signs of slowing growth have darkened policymakers’ mood.

This has made the Fed’s rate-setting committee eye a cut despite the US economy growing faster than most other developed nations, and the country’s unemployment standing as record lows.

Barclays analysts Michael Gapen and Jonathan Millar said that “a slowdown in the industrial sector on the heels of slower growth momentum abroad, increased uncertainty from trade and other unresolved government policy issues” are all factors.

“The desire to insulate the US outlook from weaker growth in some foreign economies and elevated policy uncertainty has all the classic markings of ‘insurance cuts’.”

**Labour party threatens spark new National Grid overseas strategy**

SEBASTIAN MCCARTHY

@SebMcCarty

BRITISH electricity and gas networks giant National Grid is mulling a plan to create overseas subsidiaries amid threats of a public takeover from the Labour party.

Jeremy Corbyn’s hopes of taking the National Grid into public ownership has spurred the FTSE 100 firm into weighing options to make sure investors are paid out properly in the event of nationalisation.

The news, first reported by the Sunday Times, comes after Labour unveiled a National Grid takeover plan in May.

A National Grid spokesperson said: “We are taking legal advice to explore the best route to protect shareholder value.”

**Iran leader hopes Johnson’s familiarity with country will help to improve ties**

PARISA HAFEZI

IRANIAN President Hassan Rouhani said yesterday he hoped British Prime Minister Boris Johnson’s “familiarity” with the Islamic Republic will help to improve relations between Tehran and London.

The statement came before an emergency meeting in Vienna between parties to the 2015 Iran nuclear deal in response to an escalation in tensions between Tehran and the West that included confrontations at sea and Iranian breaches of the accord. Iran’s senior nuclear negotiator Abbas Araghchi described the talks as “constructive”.

Meanwhile, in a message posted on the official Iranian presidency website, Rouhani congratulated Johnson on his appointment.

Tensions between London and Tehran took a turn for the worse this month when Iranian commandos seized a British-flagged tanker in the Strait of Hormuz on 19 July, two weeks British forces captured an Iranian oil tanker near Gibraltar, accusing it of violating sanctions on Syria.

“I hope that your familiarity with the issues of the relations of Iran and England and your presence once in Tehran will be a considerable help to get rid of existing obstacles in the growth and expansion of relations between us,” Rouhani said in the statement.

**Sadiq Khan’s approval rating hits record low**

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APPROVE ratings for Sadiq Khan have fallen to their lowest levels in his three-year tenure as mayor of London amid growing concern about crime rates in the capital.

Khan has an approval rating of minus three, with 30 per cent of Londoners saying they are satisfied with his leadership and 33 per cent dissatisfied, according to YouGov.

It marks the lowest approval ratings ever recorded for Khan, who scored plus 31 when he came into office in 2016.

Knife crime has surged during Khan’s reign in City Hall, up more than 50 per cent, according to figures compiled by Conservative councillors.

“Of course Khan’s popularity is plummeting,” said London Assembly member Susan Hall. “Londoners are not stupid, they are becoming more and more aware of his failings, on crime, transport and housing – the things for which he is responsible.”

A spokesperson for Khan said: “Sadiq is absolutely focused on delivering for Londoners despite massive cuts to public services by this Tory government.”

**FOOD FOR THOUGHT**

Remainer Jamie Oliver says ‘we should get on’ with Brexit

TV CHEF and restaurateur Jamie Oliver shed light on his Brexit views in an interview this weekend: “My own family has been split over it. But believe in democracy and I believe in moving on and we should get on with it,” he told The Times.
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Mike’s changing of the guard

Sebastian McCarthy reports on the clash of visions in the top ranks of Sports Direct

Mike Ashley once admitted that there was in fact another person who had really been running Sports Direct. She is a media-shy 51-year-old multi-millionaire called Karen Byers.

For almost three decades, Byers had been quietly working under Ashley as one of his core lieutenants, pulling 18-hour days and keeping a ruthless focus on the firm’s operations.

Yet earlier this month her long-term relationship with Sports Direct and its maverick owner came to an abrupt end, when Byers unexpectedly resigned from the business. Her sudden departure, City A.M. understands, was due to a clash of visions at the very top of Sports Direct.

While retail chief Byers had been keen to keep the firm close to its roots, Ashley has been eyeing a more upmarket move for his high-street group. It involves bringing in higher quality products with higher margins, as well as putting his higher-end brand Flannels in more House of Fraser stores.

A senior source at the firm said that Ashley told Byers to go away and think things through.

“We said she could come back if she wanted to, but she just couldn’t get her head around the fact that the business is changing,” they added.

On Friday night, as investors and journalists digested the firm’s frantic late-night release of financial results, one line in the group’s report in effect admitted the split: “As the focus of the group moves to an elevated offering, including shop fits, this meant that Karen was no longer able to do the things she loved and was good at for so many years.”

In shunning one of his most respected directors, Ashley risks repeating the mistakes of his retail rival, Philip Green. Many in the industry point to Green’s split with Topshop brand director Jane Shepherdson in 2006 as the beginning of the end for the Monaco-based tycoon’s fashion group.

One City retail veteran said the rift was worsened by a falling out between Byers and Michael Murray, Ashley’s future son-in-law and the man now charged with heading up the firm’s ‘elevated’ upmarket offer.

With Byers out of view, the Square Mile is already looking to see whether Murray, a man who looks poised to play an ever-increasing role by Ashley’s side, has what it takes to move the firm away from its reputation as a budget retailer.

Over the coming days, the City’s concerns over Sports Direct will likely be focused mainly on the immediate issues for Ashley, such as the fact that he is facing a €674m (£605m) tax bill from the Belgian authorities. Another factor is that he has now abandoned all guidance for 2020 due to troubles at his House of Fraser chain, which he admitted has “terminal problems”.

Causing even more turmoil, his chief financial officer is standing down.

Even for Ashley - a man not unwilling to treat the traditions of the stock market with blatant disregard - the delays and surprises of Sports Direct’s results were a particularly chaotic and sham-bolic way of ending the week for shareholders, and they will take some time to digest in the City.

But when Friday’s dust settles, investors might in fact look at the current changing of the guard as the most important factor of all in deciding the fate of Ashley’s increasingly troubled high street empire.

Troubles for Office Depot amid supplier credit insurance woes

SEBASTIAN MCCARTHY

@SebMcCarthy

STATIONERY chain Office Depot is said to have become the latest retailer to face troubles with its suppliers, after one of its major credit insurers pulled its cover.

Creditor insurance group Euler Hermes has told firms supplying Office Depot Europe that it was no longer willing to cover their dealings, according to a report in the Sunday Telegraph.

The move comes months after a Office Depot rival Staples, a retail chain backed by former US presidential candidate Mitt Romney, collapsed into administration.

Another rival Office Outlet said in March it was entering administration following weaker demand for stationery supplies.

Its suppliers had also cut the credit terms on which it trades, the company said.

Office Depot did not respond to a request for comment.

Troubles for Office Depot amid supplier credit insurance woes

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Businesses feel the pull of the City

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BIG BUSINESSES upped sticks for the City in 2018 as companies increasingly moved further afield to find the best office space, a new study has shown.

Mayfair lost the largest number of businesses renting office space of over 10,000 square feet, according to analysis by law firm Cushman & Wakefield, with a net loss of 12 large firms.

Aim delistings fall to lowest rate in decade

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THE NUMBER of companies delisting from the stock exchange’s Alternative Investment Market (Aim) dropped to the lowest level for a decade last year.

Just 66 companies delisted from Aim during the year ending 30 June, according to research by accountancy group UHY Hacker Young. This was down from last year’s figure of 82, and represents a significant decrease compared to 10 years ago, when the total was 275.

Six firms cited Aim’s regulatory obligations as a cost or time burden when delisting last year, down from 47 a decade ago. Just one delisted from Aim this year citing a weak financial position, down from 21 in 2008-2009.

Laurence Sacker, managing partner at UHY Hacker Young, said this year’s fall in delisting reflected the “improved quality of Aim’s offering”.

“Companies are increasingly seeing the cost of listing as worthwhile to access the deep pools of secondary capital Aim offers a route to. As the market has grown, so has its reach to institutional investors and this ability to meet funding needs reduces the need to move,” he added.

The average daily volume of trades on Aim rose dramatically during the period examined in the study, hitting 44,360 in 2018-19, compared to 15,180 a decade ago. The research also found that the average value of trades per day increased from £468m to £1.0bn during the same period.

“Tough economic conditions and more robust market requirements have led to weaker companies leaving the market, and better-run companies surviving and growing,” Sacker said.

Launched in 1995 with just 10 companies listed, Aim now has more than 1,200 listings.

Online valuation

noun

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Housing woes hit productivity, employers warn

SEBASTIAN MCCARTHY
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BRITAIN’s housing shortage is having a harmful impact on the country’s productivity, almost half of businesses have warned.

Forty-three per cent of UK companies with more than 1,000 employees said that housing issues are having a negative effect on their business’ productivity, according to new findings released by the Centre for Social Justice (CSJ).

The think tank’s report also revealed that 48 per cent believe that housing issues are having an adverse effect on the wellbeing of their staff.

Andy Cook, boss of the CSJ, said: “Businesses are feeling the pressure of the housing crisis too, both in terms of the hit to productivity and what it means to retaining and recruiting staff.”

Half of employers said housing issues are having an adverse effect on recruiting and retaining staff.

“The barriers to accessing permanent accommodation can be particularly damaging to those already struggling to maintain employment while living in temporary accommodation,” the CSJ added.

The report comes days after Boris Johnson appointed Esther McVey as the UK’s new housing minister, becoming the ninth person to hold the position in just nine years.

Earlier this month, an influential group of MPs, led by the government, accusing it of prolonging the national housing crisis by not selling enough land for affordable and social housing.

The Public Accounts Committee said the UK would miss its 2020 target of public land sales “by a wide margin”. The government said it delivered 222,000 new homes last year, more than “in all but one of the last 31 years”.

Firms eye up bids for challenger accountant

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SEVERAL private equity groups are reportedly preparing bids on UK-based accounting firm Cogital, in a deal that could value the company at £1bn.

European firms BC Partners, Permira and PAI are preparing bids alongside US-based Hellman & Friedman, the Financial Times reported.

Cogital was set up in 2016 by former Deloitte partner John Connolly in collaboration with HG Capital. It was nominated for Accountancy Firm of the Year at last year’s City A.M. awards.

It is unclear if the reported sale would be of a minority or majority stake in the firm, but it comes at a time when the dominance of the Big Four is under threat.

Regulators are pushing for legislation that would require the accounting giants to break up their firms to avoid conflicts of interest and offer greater choice to companies seeking an auditor.

Cogital declined to comment on reports of a sale, as did PAI and Hellman & Friedman. Permira and BC Partners could not be reached for comment.
Sharing is caring: How Via Van is making a capital connection

Alexandra Rogers speaks to the boss of Via Van; just don’t call it an Uber rival

When we told people we were going to launch a shared ride-service in New York they told us we were crazy,” says Chris Snyder, the chief executive of new kid on the block, Via Van.

Six years later, and Via Van is the provider of 1.5m rides across key US cities and 60m rides across London, Amsterdam, Milton Keynes and Berlin.

Using algorithms, customers of the app book a ride and will find their request matched with a vehicle going to the same destination. What will turn up is a six-seater Mercedes Benz, sometimes filled with fellow riders, sometimes not.

Last year, Via Van brought its business case to arguably one of the hardest cities to crack – London. Setting up here wasn’t easy because of the tough regulatory environment, and it took about a year to get approval.

Earlier this month, however, it received the good news that Transport for London (TfL) – which has had a testy relationship with ride-hailing apps, most famously Uber – had granted it a further three-year licence to continue its operations in and outside the capital.

The licence grant, which Via Van says is the longest TfL has gifted to any operator, seems to dispel the myth that hardened City types would sometimes not.

“London deserved and needed an on-demand share product. I’m just not sure that London needs another Uber. I’m not sure how it benefits London or its future,” he says.

“I’m not sure that London needs another Uber. I’m not sure how it benefits London or its future,” he says.

But Snyder is keen to point out that what he is offering is very different to the recently-listed US tech giant.

“Boris Johnson’s staggering failure to build a bridge across the Thames and an estuary airport I’m not confident he’ll be able to deliver better train services between London and Manchester,” he added.
China’s soybean crushers hold on US purchases

HALLIE GU

DESPITE the carnage of a potential exemption from import tariffs, Chinese soybean crushers are unlikely to bulk in from the US any time soon as they grapple with poor margins and longer-term doubts about trade relations, people familiar with the matter said.

China imposed a 25 per cent tariff on US soy imports last year as Washington-Beijing trade disagreements boiled over into tit-for-tat levies on each other’s goods.

That blow was felt on both sides of the Pacific: China was the top buyer of US soybeans. A warning of relations to be aware if it hopes in the soy trade that the situation might improve. After talks last month, US President Donald Trump said he would not to impose new tariffs on Chinese goods — if China bought more US agricultural products.

There have been no signs of US soybean sales to China in recent weeks. However, if an apparent goodwill gesture Chinese officials briefed private importers on Friday on a plan to boost them, according to three people familiar with the matter. These and other people interviewed by Reuters on the subject declined to be named. According to one of the sources, a group of five crushers were told by China’s state planner that they could apply for exemptions from the 25 per cent tariffs on some US soybean cargoes arriving before the end of December.

The source said the group included Yihai Kerry, owned by Singapore-based Wilmar International Ltd, and privately owned Shandong Bohi Industry, Hope Full Grain & Oil, and China Sea Grains & Oils Industry.

SITTING COMFORTABLY Once Upon a Time in Hollywood starts strong with $40m

SEBASTIAN McCARTHY

The figures come as part of a report released today that provides Aim client rankings of professional services groups including law firms, public relation companies, stockbrokers and auditors. FTI Consulting remained the leading financial PR firm by client numbers and market-cap.

Meanwhile, Alma PR, Yellow Jersey PR and Buchanan also all bagged up the rankings after a rollback in numbers for Newgate Communications.

BDO still leads the beancounter charts with most clients on Aim

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China’s soybean crushers hold on US purchases

HALLIE GU

DESPITE the carnage of a potential exemption from import tariffs, Chinese soybean crushers are unlikely to bulk in from the US any time soon as they grapple with poor margins and longer-term doubts about trade relations, people familiar with the matter said.

China imposed a 25 per cent tariff on US soy imports last year as Washington-Beijing trade disagreements boiled over into tit-for-tat levies on each other’s goods.

That blow was felt on both sides of the Pacific: China was the top buyer of US soybeans. A warming of relations led to US soybean sales to China in recent weeks. However, if an apparent goodwill gesture Chinese officials briefed private importers on Friday on a plan to boost them, according to three people familiar with the matter. These and other people interviewed by Reuters on the subject declined to be named. According to one of the sources, a group of five crushers were told by China’s state planner that they could apply for exemptions from the 25 per cent tariffs on some US soybean cargoes arriving before the end of December.

The source said the group included Yihai Kerry, owned by Singapore-based Wilmar International Ltd, and privately owned Shandong Bohi Industry, Hope Full Grain & Oil, and China Sea Grains & Oils Industry.

SITTING COMFORTABLY Once Upon a Time in Hollywood starts strong with $40m

SEBASTIAN McCARTHY

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Vodafone helps FTSE to rise as banks gear up

**Vodafone**, which enjoyed its best day in more than 16 years on plans to create a separate European tier company, led the FTSE 100 higher on Friday, but mid-cap **Sports Direct** fell after three times delaying its annual results.

The main index added 0.8 per cent to 7,549.06 points, as weakness prevailed in sterling, helping the exporter-heavy FTSE 100 outperform the broader European market, which lagged after the European Central Bank did not cut interest rates.

The mid-cap FTSE 250 rose 0.2 per cent to 19,857.94, for the sixth straight session. Vodafone surged 10.6 per cent to its highest level since March after laying out plans to list.

**Mike Ashley’s** Sports Direct gave up 3.9 per cent as it issued three state-

ments. After the bell, **Sports Direct** reported a headline loss of 584.6m, worse than analysts had expected. This coming week sees a barrage of mixed news.

**BT** will ring up a first-quarter update on Friday, with the telecoms giant’s shares down 21 per cent since the start of the year amid a mix of news.

**Reckitt Benckiser** report tomorrow, while **Next** and **Taylor Wimpey** publish their figures on Wednesday.

A half-year update from **Royal Dutch Shell** on Thursday comes after a crude oil price started to rise again on the back of tensions in the Gulf.

**TOP RISERS**

1. Vodafone Up 10.6 per cent
2. Pearson Up 5.85 per cent
3. Relx Up 3.59 per cent

**TOP FALLERS**

1. Anglo American Down 4.07 per cent
2. Antofagasta Down 2.25 per cent
3. IG Down 1.51 per cent

**BEST OF THE BROKERS**

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

**NEW YORK REPORT**

**S&P ends on a high as Fed set to cut rates**

ROBUST earnings from **Alphabet** and **Starbucks** pushed the S&P 500 higher to end the week at 27,192.45 points, while the S&P 500 gained 0.74 per cent to 3,025.96. The Nasdaq Composite added 1.11 per cent to 8,330.21.

For the week, the S&P 500 added 1.7 per cent to the handbrakes list, while the Dow rose 0.1 per cent. **Starbucks** added 9.9 per cent to a record high after the world’s largest coffee chain posted its biggest same-store sales growth in three years.

**Google-owner Alphabet** surged almost 10 per cent after beating Wall Street targets on higher ad sales and growth at its cloud unit, a high-margin business it is leaning more on to drive expansion.

All eyes will be on the US Federal Reserve on Wednesday as it makes its latest interest rate announcement. **ING** noted that several analysts have made the case for the Fed going early and aggressively to head off the risks to US growth with a 50 basis points move next week.

“However, recent firm data has put pay to that view with the implied probability of such action drifting lower over the past couple of weeks. **St Louis Fed** President **James Bullard**, who is perceived to be one of the most dovish members of the FOMC, having voted for a rate cut in June, has also downplayed that prospect,” **ING** said.

Also in the spotlight will be the resumption of US-China trade talks when US trade representative **Robert Lighthizer** and Treasury secretary **Steven Mnuchin** travel tomorrow to Shanghai to begin negotiations. **Vice-**

**Premier Li Heisuan** is expected to lead the talks for China.

**S&P 500** companies scheduled to report results this week include **Merck**, **Pfizer**, **Apple**, **General Electric**, **Spotify**, **Qualcomm**, **Verizon**, **General Motors** and **ExxonMobil**.

**KNIGHT FRANK**

Mark Roulston has been appointed as head of Knight Frank’s capital markets team. He was formerly head of office investment at **CBRE** for more than nine years. Prior to this he was head of investment at **Hedge Global** and a director at JLL. He will be working closely with **Knight Frank’s** Alastair Graham-Campbell and Richard Claxton with whom he worked 25 years ago at **Hambros**. **Barron Harris** said: “We are delighted to have Mark joining us and, having known him for over 25 years, we know he has the capacity to add **Mark** brings significant investment and development experience to the... team and has an excellent network of contacts within private equity. He is a serious ‘ramaker’ and we are excited about what he will bring to our team.”
### EU Shares

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How Open Banking could fix the loyalty penalty headache

Sam Bowman

The current regulatory approach tries to protect non-switchers by hurting switchers. That’s a dead end, making markets affected by it sclerotic, uncompetitive, and less innovative in the long run.

A better approach may be to make switching easier, or even automatic. And a model for this already exists, in banking.

Open Banking was introduced by the Competition and Markets Authority last year, and is intended to allow banks to more easily compare financial products across the market, and access the best deals for their customers.

For example, many people default to their home bank for mortgages and credit card borrowing, even when this is a more expensive option, because it is easier to manage. By lowering the barriers to comparing, accessing and managing loans from other providers, Open Banking should drive competition and lower borrowing costs in the market.

It is early days, but already services that use Open Banking are being rolled out and making it easier for customers to access and manage credit and other financial products from the whole market, not just their current account provider.

The Open Banking regime could do a lot more, as a recent paper by my colleagues at Fingleton, co-authored with the Open Data Institute, argues.

For example, it was extended to other financial products like mortgages and insurance, customers could use Open Banking based services that monitor the market on their behalf and nudge them to switch when a better deal becomes available.

The same approach could be extended to energy and telecoms. At a cost of over £1bn, the smart meter roll-out has been enormously expensive and currently offers little more than easier meter readings. That’s underpinned by policies that bolster their own meter data, so that they could share it with approved third parties, which could be more valuable to customers than their own data.

Energy customers could provide their usage data and contract information to approved third party intermediaries that could choose the best deals for them. That would transform competition, because it is easier to manage than to switch. Almost all the work would be shifted to intermediaries, and customers could be given certainty about the benefits of switching to a new supplier.

This kind of approach would allow new entrants to be present and to address the problem of the loyalty penalty, while avoiding the misbehaviour of switching that customers have come to expect.

Instead of more regulation, here’s a way for the new Prime Minister to show that he means business — and shake these markets up with a bit of competition.

Our collaboration with Manchester and Leeds will unlock the UK’s full potential

Peter Estlin

We recognise our role in the growth of regional economies. Manchester and Leeds are key cities in the City Corporation’s regional strategy, which is helping to increase inward investment and build awareness of how London can act as a springboard for regional firms to export their products and services globally.

In my meetings in both cities, it was clear that collaboration is a priority. That is collaboration — not competition — which will ensure our future prosperity.

And while I am used to extolling the virtues of the City of London in this column, it is abundantly clear that, with changes afoot to our relationship with Europe, we must look closer to home and realise the full potential of our regions.

Our collaboration with Manchester and Leeds will unlock the UK’s full potential.

Letters to the editor

Licence to IPO

[Re: Was the Aston Martin IPO a folly?]

Aston Martin’s 105-year history and its reputation as an ad man’s dream — loved by royalty and James Bond fans alike — underperformed by a loyal following of wealthier investors who decided to float the company. It was hoped that surging demand in Asia Pacific and the IPO itself would move the company up a gear, even if comparisons would become inevitable with the already-listed Ferrari.

Unfortunately, since October trading conditions have deteriorated, with disappointing sales trends in the UK and Europe. The profit warning earlier this week has left the shares down 66 per cent since its float, although the company said there was no retail offer has intrinsically cushioned some of the blow. Next year’s launch of the DBX SUV electric vehicle will now be crucial for Aston Martin’s prospects.

To have elected for an IPO was not a folly in itself, but the timing of this given a deteriorating economic backdrop was a highly questionable decision.

Richard Hunter, Interactive Investor

Ties off

[Re: Want to clock off early? You are not alone!]

With the UK seeing record-breaking temperatures last week, leading to havoc on the rail network and uncomfortable office spaces, it’s really no surprise that people are crying out for flexible working. Some businesses may fear the cost implications, or a drop in productivity, but the reality is that a lot of companies already have similar initiatives in place and are doing extremely well as a result. In fact, more and more companies are now offering early finishes at the end of the week, working from home days, and flexible working hours.

That is why it was fascinating to hear from those businesses in Manchester and Leeds who are doing extremely well as a result. In fact, they highlighted that they have already have similar initiatives in place and that this new government to allow this new government to allow this new government to.

Jamie Mackenzie, Sodexo Engage

What would happen to the fortunes of different sectors if there was no deal Brexit? Brexit Party – gone, Leave voters behind Con, Remain divided & without much clear case to extoll. SMEs to bear the brunt, so re-applying for membership as objective?]. So despite effect of no deal, might be best for Con.

@FabianZuleeg

The Prime Minister’s cat is known as the Chief Mouser to the Cabinet Office. So what job title should the PM’s dog get? Assuming there isn’t an official one already...

@BenedictSpence

Deputy Best Boy. Michael Gove’s No. 2.

@benedictspence

Best of Twitter

What would happen to the fortunes of different sectors if there was no deal Brexit? Brexit Party – gone, Leave voters behind Con, Remain divided & without much clear case to extoll. SMEs to bear the brunt, so re-applying for membership as objective?]. So despite effect of no deal, might be best for Con. — Fabian Zuleeg @FabianZuleeg

@BenedictSpence

Deputy Best Boy. Michael Gove’s No. 2. — @benedictspence
Herd behaviour and panic are to blame for the Woodford saga

Oliver Hemsley

VER the last two months, the media storm around Neil Woodford has captured the attention of investors, regulators, and even parliament. A man who was once billed as “Britain’s Warren Buffett” is now at the centre of a crisis which threatens to extinguish the star fund manager and his eponymous fund.

Woodford built his reputation as an independent thinker, eschewing the herd mentality which left investors heavily exposed to tech stocks during the dotcom bubble and financial services during the crisis of 2007-08. It is ironic that a man who resisted the pressure of herd behaviour throughout his career now risks being consumed by it, after Woodford’s Liquid Income Fund was forced to suspend following a deluge of redemptions.

But Woodford is no stranger to controversy: while at Invesco, his decision to avoid overhyped tech stocks led to a similar pattern of underperformance. Woodford was reported to be within six months of losing his job before the market corrected itself, vindicating his investment strategy.

It appears that Woodford is now awaiting a similar change in fortune. He longs for a market correction to drive the market, active funds may go through a period of underperformance, but when the market switches to focusing on fundamentals, active fund managers can achieve supernormal returns. This approach allowed Woodford to vastly outperform passive funds and the FTSE All-Share tracker during his time at Invesco.

To be fair to regulators, there is an acceptance that investors must be protected from herd mentality where possible, with the FCA’s Andrew Bailey describing the fund’s suspension as “the right thing to do” in a recent select committee appearance. This is a refreshing bout of realism in our ever more populist public discourse.

As Woodford begins the process of selling down his stakes to meet the expected redemptions, one must look at the accepted market correction, this should be a refreshing bout of realism in our ever more populist public discourse. As Woodford begins the process of selling down his stakes to meet the expected redemptions, one must look at the accepted market correction, this should be a refreshing bout of realism in our ever more populist public discourse.

One thing is for sure: investors calling for a new investment approach will likely be disappointed. Woodford is a consistent contrarian, and his investment mandate has always been clear. So while he may face criticism for the level of unquoted stocks in his portfolio, it is hard to argue that he was not transparent. Information regarding the portfolio’s holdings was open to all investors – so phatic or otherwise.

From this perspective, it becomes increasingly clear that – although the fund had been underperforming – its more recent decline has been fuelled by panicked investors seeking redemptions, thereby putting pressure on equities held by the fund and causing a race to the bottom.

It is no surprise that irrational decisions such as these often permeate financial markets, yet their effects can be surprising. As we saw during the financial crisis, herd behaviour can magnify losses, as institutional and retail investors alike fall prey to hysteria which appears to induce myopia.

This shortsightedness is an issue because, while Woodford’s performance since 2017 was problematic to say the least, investors’ failure to acknowledge that his minimum investment horizon spanned almost half a decade meant that investment decisions were driven by the spot price on any given day. Active funds aren’t designed to track the index, and often flow counter to it. This works in both directions: as passive funds track whichever trend is driving the market, active funds may go through a period of underperformance, but when the market switches to focusing on fundamentals, active fund managers can achieve supernormal returns. This approach allowed Woodford to vastly outperform passive funds and the FTSE All-Share tracker during his time at Invesco.

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OFFICE POLITICS

Stop all that corporate drivel and get to the point

Is ‘purposeful communication’ over-hyped nonsense, or essential to reach consumers?

OTS of recent heavy-duty research suggests that millennials and generation Z are different from other consumers. According to such studies, these younger generations care more about ethical issues and the environment, they want to know what their pensions and investments are being used for, and they want to buy from companies that have a higher purpose than simply maximising profits.

Is this really true?

In reality, many younger consumers don’t really care – they want the best return on their investments (if they have any) and the cheapest goods, wherever they come from. Otherwise, it’s highly unlikely that fast-fashion specialist Primark – which has been mired in criticism over the way it treats its labour staff – would be the most successful chain on the high street.

But despite this, I believe that there is an underlying shift in attitudes, from old and young alike, on a number of fronts. Look at the Twitter outcry against the eye-catching £1 bikini offer from Missguided, or the rise of planet-friendly veganism among younger people.

And even if we didn’t like their methods, the recent Extinction Rebellion environmental protests didn’t just get a lot of support from millennials, but from their parents too.

Virtue-signalling, so popular on Twitter and Facebook, is moving into the real world, and that has a real impact on businesses.

For instance, fund managers are now challenging companies much more aggressively on their production. This is particularly apparent around packaging, after David Attenborough’s Blue Planet series highlighted the amount of junked plastic polluting the oceans.

So how can companies update their corporate messaging?

Companies need to change their communication style for a start – no more corporate robots please.

For some, separating themselves from the crowd by showing that they have a “higher purpose” could be an attractive business model. For the rest, it’s about authenticity and transparency. If what you say isn’t backed up by action, you are in trouble.

So if you tell us that you’re working to improve diversity, you’d better have a diverse set of spokespeople. If you tell us you promote green technology, you’d better have experts who can explain the benefits in a non-technical manner, so it doesn’t sound like a lot of mumbo-jumbo.

If you have a social purpose, your staff should have examples that show how this percolates through the organisation, rather than just looking like a marketing gimmick or green-wash. If you tell us how hard you’ve worked to pay above minimum wage, you’d better not get found out for using suppliers who are exploiting child labour.

It’s more important than ever for the public face of organisations to be human, and authentic, admitting where mistakes have been made and further progress is required.

And to make this work, the substance has to be there as well. I am fed up with the kind of media training that produces the corporate robots who are always on-message but never answer the question, and I suspect a lot of other people are too.

Tom Maddocks is founder and course director of Media Training Associates.
MONEY ultimately brings us freedom, so what if your partner were to restrict access to your income or bank account? It’s not uncommon for perpetrators of domestic abuse to manipulate their partners through money in this way — in fact, according to Women’s Aid, a third of survivors say that their access to cash during their relationship was controlled by their abuser.

Now consider the fact that 26 per cent of women and 15 per cent of men in England and Wales experience domestic abuse at some point in their lifetime. And yet, the financial side of domestic abuse is deeply misunderstood, and for this reason, it can often go unreported.

So what actually is it? According to the charity Surviving Economic Abuse, this behaviour is designed to reinforce or create economic instability. And in this way, it limits people’s choices and ability to access safety. While economic abuse can be broader than just limiting access to money, and includes efforts by abusers to deprive their partners of basic essentials like food, clothing or transport, financial abuse is a major factor. If people don’t have the financial means to be independent, it forces them to stay with abusive partners for longer.

Financial abuse rarely occurs in isolation, as perpetrators often use physical and emotional behaviour to reinforce it. And despite perceptions, men and women at all income levels can be victims of abuse. In fact, individuals who don’t fit the victim stereotype — such as professionals in high income households — often feel like their experience is ignored. In many ways, this shows how stereotypes, particularly those about typical gender roles, can end up reinforcing abusive patterns.

Amid all of this is a glimmer of hope in the form of new legislation, which Theresa May pushed through parliament just days before handing over the keys to Downing Street last week.

Introduced in parliament on 16 July, the Domestic Abuse Bill would offer more support to victims, while helping bring perpetrators to justice — and for the first time, the rules include emotional and economic abuse.

Victims have unique needs when it comes to separating and managing their finances, so the question is: what are banks doing to try to help?

The Financial Abuse Code of Practice was launched in October last year, and since then, banks have been working with specialist domestic violence charities to make sure that they handle situations of coercive control appropriately. City A.M. spoke to the UK’s biggest banks, HSBC, Lloyds, Barclays, RBS, and Santander, to find out what they’re doing to help victims.

SPOT THE SIGNS

All five banks told us that they train staff to help them spot the signs of abuse and support suspected victims. HSBC outlined some of the warning signs, such as unusual account activity, unpaid bills, or an unexplained shortage of money. In more than half of cases, an abusive partner will take out loans and build up bad debts in the victim’s name, according to Women’s Aid. But signs of abuse can also be subtle and behavioural, such as nervousness when interacting with banking staff, while Santander points out that the perpetrator may give clues in their behaviour too.

Often it’s the frontline staff at banks who raise the alarm bells and support victims. In fact, a Women’s Aid survey found that 14.6 per cent of domestic abuse survivors had sought help from their bank. All the banks we spoke to said that suspected cases of financial abuse should be escalated to the bank’s specialist customer protection team, who assess the impact and look at the options for the victim going forward, such as opening a new account.

Nowadays, most banks have systems in place to flag a vulnerable customer when they walk into a branch or pick up the phone. Indeed, one bank said that, with the customer’s consent, staff can add confidential notes to their account to ensure that their colleagues are aware of the situation.

ESCAPE PLAN

Even those who share joint accounts with their partners are not safe from financial abuse. Indeed, many victims don’t have access to the money within these accounts because their debit cards have been confiscated by their partners, while a third have their wages taken from them directly, according to Women’s Aid.

One way banks can help victims is to separate the joint account, removing additional cardholders to prevent further abuse. However, one barrier for victims is that both parties typically need to give permission for one of them to be removed from a joint account — and while they are able to do this separately, they are ultimately jointly liable for any debts on that account. Some banks are also able to protect funds in joint accounts by blocking transactions. For survivors who have escaped abusive partners, there are various protective measures used by the big banks, such as moving to paperless billing, and resetting pins, passwords, and security details.

Some survivors might be worried that their branch details could reveal to their ex-partner where they are living. To avoid this risk, banks can arrange for customers to be given a non-geographical sort code (which is essentially a generic sort code not linked to a specific location), and can also allow vulnerable customers to transfer their existing account to a branch of their choice.

OUTSIDE THE BOX

Banks often have to diverge from their usual protocols in order to protect their vulnerable customers. For example, new customers wanting to set up an account must provide documents to verify their identity, such as proof of address. But domestic abuse survivors may be living in temporary accommodation or simply be unable to provide the information needed.

In this case, bank staff can consider whether an exemption to the rules might be appropriate, while arranging for such a request to be sent to a safe address, such as a women’s refuge. Indeed, HSBC told us that it can accept a letter from a recognised charity or victim support organisation in order to continue to support the victim.

We hear from women on a weekly basis who are facing issues with their bank around economic abuse

And, of course, many victims who have suffered violence at the hands of their partners are distressed and possibly not in a frame of mind to deal with their finances properly. In such circumstances, banks like HSBC allow survivors to appoint a trusted representative to manage their accounts on their behalf until they feel strong enough to do it themselves.

SURVIVING TO THRIVING

Unfortunately, a 2015 report from Women’s Aid found that the response from banks had often been poor. When City A.M. asked if enough was now being done to help victims, Christina Cavier from Surviving Economic Abuse, which has seen significant sector-wide changes, responded to the issue, adding: “We continue to hear from women on a weekly basis who are facing issues with their bank or building society around economic abuse.”

Cases of abuse can be exacerbated by the way companies deal with situations, with some staff failing to respond to what they are told. For example, said banks should be responsive to a victim’s needs, taking action that is outside their normal procedure, such as offering a longer appointment or moving deadlines to allow more time to make any financial decisions.

Domestic abuse is always a complex issue, and it’s important that banks try to make the situation for survivors better, not worse.
The Maldives is made for romance. But, says Angelina Villa-Clarke, it also offers plenty for solo travellers.

The hotel’s easy-going tone is clear the minute you touch down each year. As well as snorkelling the reef with the in-house experts, there are also longer trips to take advantage of. The Whale Shark Safari is a highlight, and takes you onboard a 55ft pine-wood yacht to the edge of the atoll, so you can swim alongside green turtles and daunting – but harmless – pods of whale sharks and manta-rays. The Sunset Dolphin Cruise, meanwhile, brings with it a local musician playing acoustic traditional tunes to serenade the pods of dolphins that flip and somersault alongside the boat – a sure-fire way to melt your heart.

The Sunset Dolphin Cruise comes with a local musician playing acoustic tunes.
THE WEEKEND
Leave all your preconceptions about southern Italy at the departure gate – Naples is a hidden gem of culture, history and, of course, food. Nestled in the shadow of an active volcano and infamous as a mafia hot-spot, it’s safe to say that this is a city with an edge.

And the sun goes down.

Talking of which, once night falls, there’s still plenty to keep you amused: from the beach cinema to rum and chocolate tastings. On clear nights, the resort sets up a high-strength telescope to gaze at the stellar show above you, with the rings of Saturn and the moons of Jupiter both visible on clear nights.

THE HOTEL
The five-star Hotel Romeo signals its lavishness from the first glance, with a lobby of blue neon lights and glitzy water features. Situated a 10-minute walk from Naples’ historic centre, it looks out onto the harbour, and one of its main draws is the stunning view of the twin tops of the volcano Vesuvius.

The other is the luxurious full-service spa, complete with multiple saunas, jacuzzis, a steam room, and treatment facilities that turn the ritual of relaxation into a near-spiritual experience – exactly what is needed after a day of exploring the city on foot.

THE FOOD
The hotel’s restaurants boast a complex blend of Indian and Sri Lankan flavours, layered with an abundance of unusual spices and ingredient, including go-tukola, drumstick leaves and banana flower. There are four restaurants in all, each with a different ambience. Oversea restaurant Muraka offers more of a fine-dining twist to local dishes and is an inspiring place to dine – especially with a chilli and passion fruit daiquiri in hand – as the sun sets beyond the volcano. The Beluga lounge bar offers a more informal dining experience, with regional produce reimagined for gourmet tastes. Specialities include egg with smoked mozzarella and truffles, veal sweetbreads, and mullet with scallops. Our meal was matched with a bottle of Terre Stregate Trama Falanghina. From the same region as the notorious Campanarian liqueur Strega (meaning “witch” in Italian – drink at your own risk).

WHAT TO SEE
Naples is best known as the starting point to explore the ancient Roman towns of Pompeii and Herculaneum, devastated in the eruption of 79AD and preserved in volcanic ash. Both sites are just a short train ride away and ideally suited to day trips.

It’s a disservice to assume that the ruins are all Naples has to offer. The city is rich in its own history. It was a cultural hub during the Renaissance and Baroque periods, inspiring poets, philosophers, and artists (most notably Caravaggio and Bernini).

Its past – from the story of its liberation – is built into its present, and its past – from the story of its liberation – is built into its present, and its present – from the story of its liberation – is built into its present.

NEED TO KNOW
Nightly rates at Mirihi Island start from $600 (approx £479) per villa, on a B&B basis, based on Nightly rates at Mirihi Island start from £

and 12 per cent GST. For more information or to make a reservation visit mirihi.com, call +960 668 0500 or email info@mirihi.com

taste of the islands by rustling up red lentil curry, pol roti coconut bread, and banana fritters.

By night, Dhonveli Restaurant bursts with Maldivian flavours – the country’s cuisine is a complex blend of Indian and Sri Lankan flavours, layered with an abundance of unusual spices and ingredient, including go-tukola, drumstick leaves and banana flower. There are four restaurants in all, each with a different ambience. Oversea restaurant Muraka offers more of a fine-dining twist to local dishes and is an inspiring place to dine – especially with a chilli and passion fruit daiquiri in hand – as the sun goes down.

Talking of which, once night falls, there’s still plenty to keep you amused: from the beach cinema to rum and chocolate tastings. On clear nights, the resort sets up a high-strength telescope to gaze at the stellar show above you, with the rings of Saturn and the moons of Jupiter both visible on clear nights.

THE HOTEL
The five-star Hotel Romeo signals its lavishness from the first glance, with a lobby of blue neon lights and glitzy water features. Situated a 10-minute walk from Naples’ historic centre, it looks out onto the harbour, and one of its main draws is the stunning view of the twin tops of the volcano Vesuvius.

The other is the luxurious full-service spa, complete with multiple saunas, jacuzzis, a steam room, and treatment facilities that turn the ritual of relaxation into a near-spiritual experience – exactly what is needed after a day of exploring the city on foot.

THE FOOD
Both the hotel’s restaurants boast stunning sea views, so you can watch the sun setting beyond the volcano. The Beluga lounge bar offers a more informal dining experience, with regional dishes and local produce reimagined for gourmet tastes. Specialities include egg with smoked mozzarella and truffles, veal sweetbreads, and mullet with scallops. Our meal was matched with a bottle of Terre Stregate Trama Falanghina. From the same region as the notorious Campanarian liqueur Strega (meaning “witch” in Italian – drink at your own risk).

WHAT TO SEE
Naples is best known as the starting point to explore the ancient Roman towns of Pompeii and Herculaneum, devastated in the eruption of 79AD and preserved in volcanic ash. Both sites are just a short train ride away and ideally suited to day trips.

But it is a disservice to assume that the ruins are all Naples has to offer. The city is rich in its own history. It was a cultural hub during the Renaissance and Baroque periods, inspiring poets, philosophers, and artists (most notably Caravaggio and Bernini).

Its past – from the glory days up until Italian unification, through to the advent of fascism, and finally liberation – is built into its architecture: ornate balconies next to crumbling palazzos, punctuated by marble such as the glass-domed Galleria Umberto and a building whose façade incorporates encrypted sheet music for a secret melody.

It’s a city meant for exploring, by wandering the narrow streets and hidden courtyards, stopping for world-famous sfogliatella pastries (as seen on The Great British Bake Off) along the way. But for a tour that takes you off the beaten track, check out Sophia Seymour (lookingfortile.com), and let her uncover Naples’ beating heart for you, from its classical origins, to the shady world of the mafia, to the neighbourhod immoraltised in the best-selling novels of Italian author Elena Ferrante.

AND AFTER THAT...
The National Archeological Museum is top on any list of Neapolitan must-sees, and offers the obligatory dose of classical statues if you can’t make it to Pompeii itself. But after wards, take a taxi up the hill to the Catacombe di San Gennaro, and explore the city’s complex relationship with death.

The catacombs tour ends a short walk from the Fontanella cemetery, whose chambers are stacked high with thousands of skulls, mostly anonymous plague victims. It’s an eerie but uplifting experience – locals leave coins and charms to the dead in exchange for wishes, and there’s a sense of tranquility as shafts of dappled light illuminate the skeletons.

TOP TIP
Speaking of death, if you come across bronze skull statues in the historic centre, do as the Neapolitans do and make a wish. Oh, and remember that a “coffee” in Italy means a shot of espresso, so be prepared to wake up – Naples is famed for the best coffee in the nation.

NEED TO KNOW
Hotel Romeo (hotelromeo.it) offers rooms from €320 per night on a B&B basis.
BERNAL'S BIG DAY  
Team Ineos's young Colombian pips Thomas to Tour de France title

Egan Bernal became the first Colombian winner of the Tour de France after crossing the finishing line on the ceremonial last stage in Paris yesterday. The 22-year-old rider is the youngest to win the famous race in 110 years, while defending champion Geraint Thomas finished second to secure a one-two for Team Ineos. While Ineos, who were formerly known as Team Sky, claimed a seventh victory from the last eight years, Bernal’s triumph ends a run of four successive British winners – Chris Froome’s three consecutive wins preceding Thomas’s last year. As Bernal (left) celebrated it was Australia’s Caleb Ewan who sprinted to take victory in stage 21 last night to take his second stage win of the tour.

VERSTAPPEN VICTORIOUS AMID RAINY GERMAN GP  
Red Bull’s Max Verstappen claimed his second win of the season at the German Grand Prix yesterday, as Mercedes endured a day to forget. Verstappen finished ahead of Ferrari’s Sebastian Vettel and Daniel Kvyat of Toro Rosso on a dramatic, incident-packed race in the rain. Lewis Hamilton came 11th after making two mistakes, while his Mercedes team mate Valtteri Bottas was dropped six drivers not to finish.

BALE STRANDED AS REAL CANCEL CHINA TRANSFER  
Gareth Bale looks set to stay at Real Madrid after his proposed move to China fell through yesterday. Bale was reportedly in line to earn £12m per season with the move to Jiangsu Suning, but Real have cancelled the deal for the Welsh forward. The 30-year-old still has three years left on his contract with Zinedine Zidane’s side.

ENGLAND HUMBLED IN T20 ASHES LOSS TO AUSTRALIA  
Australia continued their dominance of the Women’s Ashes by clinching the Twenty20 section of the series with a seven-wicket win over England at Hove yesterday. Tammy Beaumont scored 43 in England’s 121-2 batting first, but Meg Lanning (43 not out) and Ellyse Perry (47 not out) made light work of the chase, reaching the total with 13 balls to spare to establish a 12-2 lead in the multi-format series.

MEDLEY RELAY WIN SEALS ANOTHER GOLD FOR PEATY  
Adam Peaty secured a third gold medal of the World Championships as Great Britain won the 4x100m medley relay in South Korea yesterday. Peaty, James Guy, Luke Greenbank and Duncan Scott beat the United States and Russia in a European record time of 3:28.10.

“I don’t think we’ll go up,” says Parker. “I’m realistic we’ll make play-offs but the Championship is a nightmare to booming. We’ve got to get out of it.”

In the second of our Championship previews Michael Searles looks at the Cottagers’ prospects

A YEAR ago Fulham were about to embark on a keenly anticipated return to the Premier League with the full weight of billionaire owner Shahid Khan behind them. They had been promoted via the play-offs, but a 28-match unbeaten run, football that Pep Guardiola would have been proud of and an injection of cash for new additions meant an air of excitement accompanied the Cottagers’ return to the top flight.

Come May – and two managers later – they were destined for a crushing return to the Championship, such is the ease with which football can swing between ecstasy and heartache.

Fulham are favourites with the bookmakers to return to the Premier League at the first time of asking, but fans remain wary of the pitfalls in the second tier, which resumes this week. “There’s a sense of cautious optimism because we have managed to keep [Tom] Cairney and [Aleksandar] Mitrovic who could have been off to the Premier League. That was key,” Fulham Supporters’ Trust secretary Gerry Pinn tells City A.M.

“The caution is because we still haven’t strengthened at the back. We need at least one centre-back a right-back, and following the departure of Andre-Frank Zambo Anguissa another defensive midfielder.”

While Cairney and Mitrovic (pictured) agreed five-year deals, Fulham have also strengthened in wide positions, signing Anthony Knockaert and Ivan Cavaleiro on loans from Brighton and Wolves respectively, as they brace for the likely departure of Ryan Sessegnon. Striker Aboubakar Kamara, meanwhile, has been reintegrated into the squad after being exiled to Turkey for the second half of last season following a training ground bust-up that saw him arrested.

“He’s a raw talent, and by that I don’t mean he’s young, but I think half the time he doesn’t know what he’s going to do, let alone the opposition’s defence,” adds Pinn, who works at the Bank of England.

The other reason for caution is that [manager Scott] Parker is a novice and there’s always a risk it won’t work out.”

The 38-year-old was handed a two-year contract at the end of the season after impressing as caretaker manager following the sacking of Claudio Ranieri, but his inexperience remains a concern.

He has, at least, appeared to have had more sway than Slavisa Jokanovic was afforded in the transfer market last season. “Last year it was all about stats and Tony [Khan, vice chairman] bought players and clearly the didn’t have a say, but I think Parker will be having a bigger say this time,” explains Pimm.

While there appears to be a grudging acceptance that Shahid Khan’s ownership means his son is here to stay, fans are contented by the redevelopment of Craven Cottage’s river side stand, which would appear to secure the club’s continued presence on the banks of the Thames.

On the pitch there is more uncertainty, however. Rarely do teams bounce back to the Premier League at the first attempt, the last to do so being Newcastle in 2017. “I don’t think we’ll go up,” says Pinn of Fulham, who begin the new campaign at Barnsley on Saturday. “I’m optimistic we’ll make the play-offs but the Championship is a nightmare to get out of.”