The decline of the British high street has deepened this summer with vacancy rates hitting a four-year high and sluggish footfall underlining a torrid season for retailers.

Empty store fronts climbed to their highest level since January 2015 in July, following a turbulent 12 months during which some of Britain’s most iconic retailers permanently closed their shops and carried out drastic staff cuts.

In recent months, a number of high street giants including womenswear retailer LK Bennett, department store group Debenhams and restaurant chain Jamie’s Italian have collapsed, while dozens of other brands including Sir Philip Green’s fashion empire pressed ahead with dramatic cost-cutting plans.

According to today’s data from the British Retail Consortium (BRC) and Springboard, national town centre vacancy rates hit 10.3 per cent in July, a slight increase from the last quarterly rate of 10.2 per cent and the highest since January 2015.

The latest sign of distress for bricks-and-mortar firms was also shown by the steepest decline in July footfall since 2012, as the number of shoppers on high streets and in shopping centres tumbled from the previous year.

BRC chief executive Helen Dickinson urged the government to relieve some of the pressure bearing down on the high street by bringing in an immediate freeze on business rates.

Rising competition from online rivals, higher fixed costs and tough comparatives from last year have all put the pressure on physical retailers this summer, with many outlets subsequently turning to aggressive discounting to draw in more shoppers.

Landlords have also been dented by the industry’s downturn, with retail property groups suffering a fall in rental income following the rise in vacancies. "July was a much more challenging month for high streets and shopping centres than for out-of-town destinations,” said Diane Wehrle, Springboard’s marketing and insights director.

She added: “Some of the minus 2.7 per cent drop in high street footfall was a consequence of a strong comparable of 0.3 per cent last year when we had a continuous period of hot sunny weather, but for shopping centres – with the minus 3.1 per cent drop being as almost as severe as the minus 3.4 per cent drop in footfall last year – the weather clearly has less impact on footfall than the challenges created by the ongoing structural change in retailing.”

Previous BRC figures revealed last month was the worst July for sales growth since records began in 1995.

Cathay Pacific has suspended a pilot and reportedly sacked two airport employees as Beijing exerts more pressure on the city’s business chiefs to help quash ongoing anti-government protests in the territory.

The operator took the decision after telling staff on Saturday it would bar any "overly radical" employees from crewing flights to the mainland and said it had removed a pilot who was arrested at protests last week from active duty.

Cathay was acting on the demands of China’s aviation regulator, which has pressured the firm to suspend staff involved in the protests which have raged for 10 weeks.

Last week, Cathay chairman John Slosar told a press conference: “We certainly wouldn’t dream of telling [employees] what they have to think about something. They’re all adults, they’re all service professionals.”
THE ATTACK by shortseller Muddy Waters on Burford Capital last week has slammed shut the window on other litigation funders looking to go public. Muddy Waters criticised Burford’s use of fair value accounting – the inclusion of unrealised gains – and accused the funder of “aggressively marking” the value of the cases on its books, something Burford denies. The Aim-listed darling-turned-lame-duck lost nearly half its value on Wednesday before recovering some ground after it fired back at the shortseller. With fellow shortseller Gotham City Research also lining up to take a shot at Burford and a swarm of claimant law firms readying shareholder class action lawsuits. Burford faces a struggle to convince the market of its bona fides.

The affair has smashed confidence in what looked set to be a growing listed sector. Two litigation funders – Manolete Partners and Litigation Capital Management (LCM) – listed in London late last year, but they are unlikely to be joined by any of their peers any time soon. August, which describes itself as the largest litigation funder in the UK by number of cases – is understood to have recently examined a London listing. Vannin Capital announced its intention to float last September, before pulling its offering, blaming a volatile market. Vannin said it was pausing until conditions improve.

However, its failed float is a case study of the problems litigation funders face on the public markets. First, the firm delayed the publication of its prospectus after telling investors it expected to lose several million pounds in a case it is funding against Costa Rica, highlighting the unpredictable nature of litigation. Second, in its 2018 accounts, 100 per cent of the revenue it booked was based on its assumptions on movements on investments. The only investments that crystallised that year resulted in a £5.1m loss. Hardly a cast-iron investment case.

The fundamental question is how do you value lawsuits? Even with the very best case things can go wrong; the judge might have a bad day, a jury could be won over by a mercurial performance by an opposing lawyer. Manolete says it deals with the issue by funding lots of small performance by an opposing lawyer. LCM, by using conservative, relatively slow turnarounds, tackles the issue.

Window slams shut on litigation funder floats

Argentinians poised to bid farewell to Macri as challenger Alberto Fernandez cashes in on economic troubles

China greenlights SDIC’s $1bn flotation in London

WHAT THE OTHER PAPERS SAY THIS MORNING

Epstein’s Accusers Vow to Pursue His Estate

Jeffrey Epstein’s death ended the criminal case against him, but lawyers for his alleged victims have vowed to pursue the multi-millionaire’s estate to seek justice. The 66-year-old money manager died on Saturday while awaiting trial on charges that he trafficked underage girls. He was being held in jail in Manhattan and his death was “an apparent suicide”, the US Department of Justice said.

Job Cuts at Investment Banks Approach 30,000

Global investment banks are shedding tens of thousands of jobs as falling interest rates, weak trading volumes and automation create a brutal summer for the sector. Almost 30,000 layoffs have been announced since April at HSBC, Barclays, Société Générale, Citigroup and Deutsche Bank.

HOME OFFICE MAKES £500M FROM IMMIGRATION FEES

The Home Office has been accused of profiteering from soaring immigration fees that delivered a £500m surplus last year. Analysis by The Times shows how charges levied on hundreds of thousands of people for UK residency and citizenship have risen sharply in the past five years with profits growing 91 per cent.

‘Stupid’ Videos Are No Joke on Air Safety

Aviation experts have called for the end of “stupid safety videos” and an overhaul of emergency procedures which could result in overhead storage bins being locked in an evacuation.

Tech Giants to Be Fined Millions for Toxic Videos

Instagram, Facebook and Youtube will be fined millions of pounds for showing harmful videos amid a crackdown on social media. Ofcom will be given new legal powers to protect children from “harmful” content, including violence, child abuse and pornography. Ofcom will be able to issue fines worth up to five per cent of a company’s revenue.

US to Seize Autonomy Boss’ $100M in Shares

The US government will confiscate shares in Mike Lynch’s venture capital fund from the Autonomy founder’s former finance chief Sushovan Hussain as he appeals against a fraud conviction.

India’s portion of Kashmir, which is under a military curfew after Delhi removed its semi-autonomous status last week, saw protests over the weekend as residents emerged from their homes in greater numbers for the first time in nearly a week.

Carbon Emissions Are One of the Best Investments

Carbon-emission credits, long shunned by traders, are now one of the world’s best-performing investments. The credits, called 'carbon credits', have soared more than fivefold over the past two years.

Financial Times

The Times

Daily Telegraph

Wall Street Journal

City A.M.
UK prosecutor is given an £85m boost to funding

ALEXANDRA ROGERS @city.amrogers

THE UK prosecutor will be handed an extra £85m in funding as part of the Prime Minister’s crackdown on crime, Downing Street said last night.

Boris Johnson has awarded the Crown Prosecution Service (CPS) the funding to help it build capacity and manage its caseloads over the next two years following a string of negative headlines around the collapse of high-profile rape cases.

The package comes alongside pledges from the Prime Minister to create 10,000 new prison places, extend police powers of stop and search and hire 20,000 extra police officers.

Solicitor general Michael Ellis QC MP welcomed the funding injection. He said: “The CPS is a demand-led organisation and so the additional £85m will ensure they continue to be equipped to deal with an increase in cases brought by the police, including the extra 20,000 police officers.”

Louise Hodges, head of criminal litigation at Kingsley Napley, told City A.M. the CPS has been stretched by a 34 per cent decline in its budget from 2008 until last year, in addition to an “explosion of digital evidence”.

“That tension has led to the well-publicised disclosure failings in rape cases and concerns about the increased risk of miscarriages of justice,” she said.

“The increase in funding will assist in employing more lawyers, but will not solve the current situation especially given recent cuts to the court infrastructure and estate.”

She added: “It is also unclear whether this is a one-off payment or a more long-term investment, or how this fits with a system-wide approach to cracking crime.”

Criminal Bar Association chair Chris Henley QC said: “The criminal justice system is severely underfunded as a result of relentless cuts over the last 10 years. Any change to that direction of travel is to be welcomed.”

Apple chip maker tables €3.7bn bid for lighting company Osram

JAMES WARRINGTON @a_warrington

APPLE supplier AMS late last night said it plans to make a €3.7bn (£3.4bn) offer for German lighting group Osram in a move that could spark a bidding war.

The Austrian firm’s offer values Osram at €38.50 per share, higher than the €35 per share offer tabled by Bain Capital and Carlyle Group and accepted by Osram’s board.

AMS, which makes sensors that enable facial recognition on smartphones, had previously put in a bid at the same price before abruptly withdrawing it.

The fresh bid includes a €4.2bn bridge facility underwritten by UBS and HSBC, which AMS plans to refinance by issuing debt and equity, including raising €1.5bn “primarily” through a rights issue.

AMS said in a statement: “The combination of AMS and Osram creates a global leader in sensor solutions and photonics with approximately €5bn of revenue.”

Make the most of summer with a little help from Google

DOWN TO BUSINESS Boris Johnson set to accept Irish invite to break Brexit deadlock

JAMES WARRINGTON @a_warrington

BORIS Johnson will meet his Irish counterpart Leo Varadkar to start talks over the Irish backstop, the Sunday Telegraph reported. Sterling will begin trading at near-decade lows against the euro and US dollar today, as traders fear a no-deal Brexit.

Trump security adviser John Bolton to lobby Britain over Huawei stance

JAMES WARRINGTON

US NATIONAL security adviser John Bolton has arrived in London for talks, at which he is expected to urge the UK to take a tougher stance against Chinese tech firm Huawei.

The discussions will be held today and tomorrow, as US President Donald Trump looks to strengthen ties with Boris Johnson’s new government. Bolton is expected to urge officials to reconsider the UK’s approach to Huawei, arguing that the firm is an extension of the Chinese state and its equipment could be used for spying.

Under former Prime Minister Theresa May, the government opted to allow Huawei to participate in parts of the country’s 5G network. However, a final decision has not yet been made.

Bolton will also urge the UK to align its policy on Iran more closely with that of Washington, which has threatened increased tariffs on Tehran since Trump withdrew the US from the nuclear deal.

The UK has so far backed the EU’s policy of honouring the nuclear deal, but the seizure of a British oil tanker in the Gulf last month has put pressure on the government to consider a tougher stance.

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Hammerson circled by shortsellers amid shopping centre challenges

SEBASTIAN MCCARTHY
@SebMcCarthy

SHORTSELLERS have been stepping up their bets against Hammerson as they seek to cash in on the embattled shopping centre owner’s current troubles.

The retail property group is being circled by City punters, with roughly four per cent of the company’s shares on loan to shortsellers who are predicting that the share price will fall in the future.

Late last month, the group reported losses of £119.8m for the first six months of 2019, falling from a profit of £53.7m compared with the previous year.

The FTSE 250 firm also recently revealed it had sold off a 75 per cent stake in a Parisian shopping centre to help reduce its debt pile.

The developer, which is the owner of Birmingham’s Bullring, has been under growing pressure from activist investor Elliott Advisors to offload assets.

Marshall Wace, Maverick Capital and Woodson Capital Management are among the investors that have been taking a short position in the company.

Hammerson’s share price has tumbled more than 50 per cent in the last year.

Make your capital go further

Trade on leverage to get greater exposure to financial markets. Deposit only a small percentage of the full value of the trade rather than funding the full value of the position.

Remember, both profits and losses are magnified.

FOTWEAR brand Schuh has called in Big Four accountancy firm KPMG to review its future after a tough year on the high street. According to The Sunday Times, restructuring experts are advising the shoe retailer as it seeks to cut property costs.

PUBLIC TAKEOVER plans prepared for six rail lines

ALEXANDRA ROGERS
@city_amrogers

THE SOUTHEASTERN franchise is one of six that could go the way of LNER and be taken over by the government, as sources warned there was little time for a new operator to be appointed by April next year.

The bidding competition for the Southeastern franchise, which runs services between London, Kent and parts of East Sussex, was cancelled last week after the government said it was concerned the process would cost the taxpayer too much.

One source told City A.M. that a rail franchise typically takes 18 months to procure, shutting out the prospect of a new operator being appointed by the government’s deadline of April 2020. The source said there was also no time to issue a direct award for the franchise from April next year because that would require a prior information notice. No such notice has been issued.

The squeezed timeframe means that either an emergency direct award could be given to the current operator, Go Ahead, or the Operator of Last Resort (OLR) – the function that allows the government to intervene in failed franchises at the last minute – could take over. The source said the OLR had been “beefing up” its mobilisation team in the past six months and that there were now shadow teams for Southeastern and five other franchises – South Western (SWR), Transpennine Express (TPE), Northern, Crosscountry and c2c – in offices in Petty France near Whitehall.

The franchise model is the subject of a review led by former British Airways chief Keith Williams, who admitted last month that the system had “had its day”.

A spokesperson for First Group, which runs SWR and TPE, said it was “quite normal for the government to monitor and scrutinise all train operating companies”. A Department for Transport spokesperson said: “Options for the next Southeastern franchise will be developed and informed in a manner that puts passengers at the heart of the process... These will be informed by the Williams Rail Review.”

Gotham City adding to pressure on underfire law funder Burford

JAMES BOOTH
@JamesBoothl

SHORTSELLER Gotham City has added to the pressure on litigation funder Burford Capital, which it described yesterday as “inappropriately financed”.

Burford’s market value fell nearly half last week – before regaining some of those losses – after it was savaged in a report by shortseller Muddy Waters.

Yesterday Gotham City added to the criticism levelled at Burford, arguing that litigation assets should not be financed with debt because their cash flows are “notoriously unpredictable”.

Gotham City said this financing strategy “poses a real risk of an eventual asset/liability mismatch nightmare”.

In 2014, professional services firm Quindell lost half its value in a day after Gotham City attacked its business model.

Burford said: “Gearing is low with net debt more than three times covered by shareholders’ equity.”
SSE plots to spin off retail energy business to Ovo

ALEX DANIEL
@alexmdaniel

ENERGY giant SSE is weighing up whether to hive off its 5.7m-customer energy retail business to independent supplier Ovo Energy, in a deal believed to be worth hundreds of millions of pounds.

SSE’s energy services arm supplies electricity and gas to households across the UK. It also does maintenance work such as boiler repairs, meter-reading and even broadband installation.

The Scotland-based blue-chip firm has been trying to offload the business for months. It said over the weekend that it was in discussions with Ovo, but had yet to make a final decision.

Ovo is the largest of a cluster of independent energy suppliers operating outside the so-called Big Six energy firms, of which SSE is part. It acquired another independent, Spark Energy, in October 2018, after the troubled supplier ceased trading.

Sources told Sky News the deal could be worth several hundred million pounds.

SSE said it was “actively progressing a number of options for the future of SSE energy services, having determined that its best future lies outside the SSE group”.

“SSE plc can confirm it is in discussions with Ovo Group over the possible sale of the SSE energy services business, which supplies energy and related services to around 5.7m household customers across Great Britain,” it said in a statement.

Ovo declined to comment.

Founded less than 10 years ago by chief executive Stephen Fitzpatrick, Ovo currently boasts around 1.5m customers. If the deal goes ahead, it will make Ovo the nation’s second-biggest power supplier overnight behind only British Gas, which has 12m customers.

Business groups slam plans for £36k migrant salary threshold

JAMES WARRINGTON
@j_a_warrington

BUSINESS groups have slammed proposals to raise the salary threshold for immigrant workers to £36,700 after Brexit.

Home secretary Priti Patel has been urged by think tank the Centre for Social Justice, co-founded by former work and pensions secretary Iain Duncan Smith, to increase the proposed salary minimum of £30,000 for all new foreign workers to protect lower skilled, UK-born employees.

However, Edwin Morgan, interim director general at the Institute of Directors, said the move would “put another spanner in the works for firms looking to grow”.

Meanwhile, a report published today by the Chartered Institute of Personnel and Development and the Adecco Group shows that the supply of labour is constrained compared with previous years, particularly for low-skilled jobs.

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BMW APPROVED USED CARS AVAILABLE WITH £1,600 DEPOSIT CONTRIBUTION AND REPRESENTATIVE 12.4% APR.

Offer available on selected BMW Approved Used Cars that you can drive away today. So, whatever you’re looking for, it only takes a closer look to find your perfect BMW.

Visit your local BMW Centre to explore the selection of models and discover the full range of current offers available.

BRAND VALUE
Blackrock buys £875m stake in licensing group Authentic Brands

BLACKROCK’S new private equity fund Long Term Private Capital has completed its maiden investment, taking up an £875m (£727m) stake in Authentic Brands, making it the largest investor in the US-based entertainment company.

Authentic owns the brand rights to celebrities, including Marilyn Monroe and Muhammad Ali. The deal is said to value Authentic at more than £4bn including debt.

Employment outlook falls as economy slows

JAMES BOOTH

THE OUTLOOK for employment in the UK has fallen for the third consecutive month following half a decade of sustained growth, a study published today said.

An index combining forward-looking employment intentions and the proportion of part-time or temporary workers in the UK jobs market from audit firm BDO, fell to 112.76 points in July – the lowest level since May last year.

The number of job vacancies in the UK has also fallen four per cent since the start of the year as the UK teeters on the brink of recession.

Peter Hemington, partner at BDO, said: “This could be the beginning of the end of the strong employment market in the UK. It has remained one of the more resilient pillars of the UK economy, even in the face of Brexit, but the glory years appear to be over.”

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BLACKROCK’s new private equity fund Long Term Private Capital has completed its maiden investment, taking up an £875m (£727m) stake in Authentic Brands, making it the largest investor in the US-based entertainment company. Authentic owns the brand rights to celebrities, including Marilyn Monroe and Muhammad Ali. The deal is said to value Authentic at more than £4bn including debt.
Government Health Warning

Thousands of Charities on The Brink of Death

The Health Lottery supports over 2,900 healthcare charities and more than £110m has been raised for grassroots good causes across Great Britain.

But outdated rules on the size of society lottery jackpots are threatening ticket sales and risking the lives of those in need.

If the government had changed the law six years ago to allow £1m jackpots, an extra £150m would have gone to community charities that work hard to bolster our NHS.

MPs in the cabinet support us –
Come on Boris... stop strangling good causes, say YES now to £1m jackpots and abolish the 10% of ticket sales rule!
**Deloitte is sued over collapse of storage business**

**ALEXANDRA ROGERS**

@city_amrogers

A YORKSHIRE-based businessman is suing Big Four accountant Deloitte and international law firm Clyde & Co over allegations that Barclays bank exerted “informal control” over the financial giants during the winding down of his firm.

Jason Schofield, a businessman who ran Leeds-based storage firm Rhino Enterprises, is suing two joint administrators at Deloitte and its legal adviser for about £20m over allegations they failed to act independently in the administration process.

Schofield claims his business collapsed into administration after he was mis-sold an interest rate hedging product by Barclays in 2008. He later settled the case with the bank.

Schofield claims he encouraged Deloitte, the administrator, to pursue legal action against Barclays to recover the lost money, but it failed to do so because of the professional relationship it enjoyed with the bank on its preferred panel for insolvency work.

**BLOOMING GREAT**

Alison Rose heavily tipped to be first female boss of top bank

**ALEX DANIEL**

@alexmdaniel

TATA Steel haemorrhaged £371.6m in the UK last year from the country’s largest steelworks, in another stark reminder of the struggles facing Britain’s heavy manufacturing sector.

The loss, which amounts to more than £1m per day for the year ending 31 March, was due to lower production volumes, according to the Indian-owned company.

Tata produced 400,000 fewer tonnes of crude steel last financial year, meaning that despite turnover rising one per cent, it shed more money overall than the previous year. In 2017, Tata lost £222m.

Since then, Tata has failed to merge its European steel business with German conglomerate Thyssenkrupp, after a European Commission block on competition concerns. Tata runs the Port Talbot steel making plant near Swansea in south Wales. Meanwhile, the UK’s second-biggest steel maker, British Steel, remains without an owner after it collapsed into administration in May.

The government’s official receiver has run the Scunthorpe-based company over the summer, while the Department for Business, Energy and Industrial Strategy tries to find a buyer for the firm.

The claim form, seen by City A.M., argues that insolvency practitioners working for Deloitte are “highly motivated to build and maintain a close relationship” with the bank through various means, including negotiating lower fees in return for repeat work.

“The informal control is such that, where they are appointed administrators over a company with a serious and substantial claim against Barclays, members of Deloitte were either contracted not to litigate against Barclays or could not pursue the same without fear or favour and/or with the independence required,” it added.

Schofield’s firms claim that Clyde & Co was also conflicted and passed on to Barclays its view that his mis-selling claim was without merit, in a breach of legal privilege.

A spokesperson for Clyde & Co said: “We are aware of the complaint, consider it to be without foundation and refute the assertions in their entirety. It would be inappropriate to comment further at this time.”

Deloitte and Rhino Enterprises declined to comment.

**Turkish military pension planning £1bn investment in British Steel**

**ALEX DANIEL**

@alexmdaniel

THE TURKISH military pension fund, which hopes to buy embattled British Steel, is said to be gearing up to invest £1bn in the company.

Ataer is a subsidiary of Oyak, which manages pensions for Turkey’s military.

The company has drawn up a business plan that would see it pour £900m into the steel maker over several years, according to Sky News.

Meanwhile, the UK’s second-biggest steelworks, in another stark reminder of the struggles facing Britain’s heavy manufacturing sector.

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Deloitte and Rhino Enterprises declined to comment.

**THE ROYAL Bank of Scotland appears set to pick Alison Rose as its new chief executive. Frontrunner Rose will become the first woman to lead one of the UK’s biggest high street lenders and is likely to be named as Ross McEwan’s successor in the coming weeks, Sky News reported yesterday. Banking regulators are taking RBS’ application to appoint her under consideration, sources told the broadcaster.**
ALEX DANIEL

THE OWNERS of Butlins holiday camps have taken home nearly £600m in dividends over the past 15 years.

Bourne Leisure, the company which owns Butlins, paid out £61m to its handful of stakeholders last year, according to annual accounts filed last week on Companies House.

It reported that pre-tax profit fell to £153.4m after bookings were cancelled during a cold patch over the winter. Sales were £1.1bn.

Peter Harris bought Butlins in 2000, having launched his first caravan park in 1964.

The firm is widely credited with industrialising British family holidays, and remains popular as people have turned to the UK as a vacation destination in itself in recent years.

Butlins was founded by South African-born businessman Billy Butlin in 1936.

It has since grown to include a handful of UK sites, including Skegness, Bognor Regis and Minehead.

Bourne Leisure employs up to 14,000 people across the peak summer holiday season.

Harris also owns betting company Spreadex, and is reported to have a fortune of £965m, according to the Sunday Times Rich List.

Bourne Leisure also owns Haven caravan sites and Warner Leisure Hotels.

Butlins revolutionised post-Second World War British family holidays.

Classic cars are a popular investment option for high net worth individuals

JAMES WARRINGTON

THE NUMBER of luxury car imports has risen sharply over the last year, as wealthy individuals rush to bring high-end motors to the UK ahead of a potential no-deal Brexit.

Car imports hit 3,830 cars in the last financial year, up 16 per cent year-on-year, according to law firm Boodle Hatfield.

The spike reflects growing concern that a no-deal Brexit could lead to hefty taxes on car imports. Such a scenario could see £32,000 in tax added to the import of a car worth £100,000, if the UK has to operate under World Trade Organization rules, it warned.

IN BRIEF

PROBE LAUNCHED INTO MASSIVE POWER CUT

The government has launched an investigation into the power outage that wreaked havoc for nearly 1m people across England and Wales over the weekend. National Grid blamed the blackout on issues with two power generators occurring simultaneously. Andrea Leadsom, the business secretary, said: “Friday’s power outages caused enormous disruption – National Grid must urgently review and report to Ofgem. I will also be commissioning the government’s Energy Emergencies Executive Committee to consider the incident.”

SWISS STOCK EXCHANGE WANTS EU SPAT RESOLVED

The ability to trade Switzerland-listed shares on stock markets in the EU must be restored if Swiss stocks are to remain attractive, the chief executive of Swiss stock exchange SIX said yesterday. Investors in the EU and Switzerland lost direct access to each others’ stock exchanges from 1 July as the two sides squabbled over a partnership treaty that has stalled after years of talks.

PARTIES SEEK TO HALT SALVINI’S SNAP ELECTION

Far-right League chief Matteo Salvini’s call for snap Italian elections after he turned on his own coalition partner faced mounting resistance yesterday, with both his former 5-Star ally and the center-left opposition seeking to put the brakes on.
Ailing economy puts a strain on UK tech growth

EMILY NICOLLE
@emlyncole

FOLLOWING seven years of consecutive expansion in the fastest-growing sector of the UK economy, there are signs that growth in British tech has begun to slow.

Business activity in the UK tech sector dropped from 54.4 in the first quarter to 53 in the second, according to a closely-watched industry bellwether index.

Data from KPMG’s UK Tech Monitor today revealed the sector was “sign-posted” for the second-weakest rate of growth for three-and-a-half years. A value of 50, which marks no change in growth across the period, has not been recorded since the third quarter of 2012.

KPMG said survey respondents blamed the effect of subdued UK economic conditions on the lack of business activity. Moreover, uncertainty regarding the UK’s exit from the European Union led to greater risk aversion and cuts to corporate spending, according to those polled, leaving the quarter’s rise in total new orders among the weakest recorded since 2015.

Tech firms reported a moderate increase in sales volume during the quarter, alongside a strong pipeline of product innovation and overseas expansion plans.

Although the rate of job creation in the tech sector surpassed the rest of the British economy, KPMG said the data pointed to the weakest staff hiring plans for two years.

“It is heartening to still see sales volume up and growth in the sector despite it beginning to feel the effects of political and economic uncertainty,” said KPMG vice-chair Bernard Brown.

“While it is tempting to sit tight, businesses must act with an entrepreneurial and resilient spirit before we’ll see a significant, positive change in market confidence.”

Squashed: Drinks maker Britvic plans to cut final salary pension

ALEX DANIEL
@alexmdaniel

DRINKS producer Britvic is planning to slash the money it pays out to 6,000 members of its final salary pension scheme.

The FTSE 250 firm, which produces Robinsons soft drinks, is looking for court approval to stop measuring inflation according to the retail prices index (RPI), and instead switch to the consumer prices index (CPI).

The RPI is currently 2.8 per cent, while CPI is 1.9 per cent, meaning retired workers could receive as much as £12,000 less than originally thought during retirement according to analysis by the Unison union.

Goals Soccer is Centres hit with regulator probe

JAMES BOOTH
@Jamesbooth

THE FINANCIAL Conduct Authority (FCA) is said to have launched an investigation into fraud at Goals Soccer Centres.

The five-a-side football operator announced earlier this month that it was to delist from the stock market after an investigation into its accounting practices found “improper behaviour”.

Trading in its shares was suspended in March after it said it had made a “substantial misdeclaration of VAT”, totalling approximately £12m.

According to the Sunday Times, the FCA has now launched a probe into alleged fraud at Goals.

It also reported that audit firm BDO had discovered “substantial destruction” of electronic information at the company in an investigation into the alleged accounting improprieties.

BDO took over as the company’s auditor from KPMG in June 2018.

Goals said it expects its listing on the Aim market to lapse with shares cancelled by 30 September. Goals and the FCA declined to comment.
LONDON’S EUROPEAN CHAMPION

Alexandra Rogers speaks to Siobhan Benita, the Lib Dems’ choice for mayor

SIOBIAN Benita, the Liberal Democrats’ London mayoral hopeful, arrives for our interview just two days before the crucial Brecon and Radnorshire MP by-election, where the pollsters’ predictions of a Lib Dem win proved to be right on the money. The party took just over 43 per cent of the vote, overturning a Tory majority and shunting Labour into fourth place – a result so poor that the party almost lost its deposit.

The contest had been viewed as litmus test of the country’s feelings towards Brexit. The picturesque Welsh constituency narrowly voted to leave the EU, but now the Lib Dems see the vote for their unequivalently Europhile party as a vote to stop a no-deal Brexit.

The question now is whether the Lib Dems can translate power on a small scale into power on the big scale – a result so poor that the party almost lost its deposit. Can Benita repeat the success of her party in May’s EU elections?

Benita says bluntly that the central party machinery has never taken its vote, overturning a Tory majority and channelling voters into the arms of the Lib Dems.

The Green party chose not to stand, thereby channelling voters into the arms of the Lib Dems.

Benita says the Lib Dems are now perfectly positioned to capitalise on votes that would have otherwise gone to Labour.

“The fact that Sadiq has stayed in the Labour party that is facilitating Brexit is a huge thing against him,” she says.

“For Sadiq, it’s going to be about how is he going to continue to justify being in a party that is keeping us in this mess?”

It is not enough that Khan has spoken out against antisemitism, another issue that is hurting Labour, or has campaigned for a second referendum, she says.

“Ken [Livingstone] ran as an independent: Sadiq could have done the same. He’s decided not to. I think that shows his mind is obviously on the next job.”

One of the factors that helped the Lib Dems win last week’s by-election was the so-called Remain Alliance. The party may have done well in the European elections, where people were voting on a single issue, but such behaviour changes when fundamental policies are put to the test.

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“Will that continue next year? Benita approached the Green Party to see if it would back her rather than fielding its own candidate, but the party refused.”

“I’m really disappointed in Sian,” Benita says. “She has really attacked the Lib Dems and has been fighting old battles about the coalition. She sees us as a real threat in London and that ultimately, London is a tribal city that, when it comes to bread and butter issues, votes Labour.”

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Much of the Lib Dems’ fortunes rest on Boris Johnson not delivering Brexit. What happens if the new Prime Minister does, and the UK leaves on 31 October as planned – with or without a deal?

“One, we will fight to the bitter end to prevent Brexit from happening, but if it does happen, we will also be the party that will fight to bring us back into Europe,” she says.

Under the Lib Dems, Benita pledges that freedom of movement for EU citizens would continue in London, even if it ended in the rest of the UK through a regional system she says has been tested in Canada. She would also want every London borough to be partnered with an EU state.

“One of the very real potential consequences of Brexit is the breakup of the United Kingdom. If Scotland breaks away, why can’t London? I wouldn’t rule anything out.”

“My message is that London will remain European whatever happens. It has to be partnered.”
Nintendo’s Switch console continued to outperform its peers in the period. Chessell, director of CGA, which good performance, and restaurant that pubs had last year, holding rela-

tness Tracker, out today. Figures from the Coffer Peach Busi-

JAMES WARRINGTON

Weather boosts modest revenue growth in dining

BRITISH pubs and restaurant groups enjoyed increased sales in July, as eateries showed signs of recovering from poor trading last summer. Restaurant groups posted a 3.8 per cent increase in like-for-like sales compared to last July, when hot weather and the football World Cup took their toll on business. By contrast, managed pubs, which cashed in on last year’s sun-drenched sporting frenzy, saw sales decline 0.2 per cent over the month. Overall, like-for-like sales grew a modest 1.2 per cent in July, according to the latest figures from the Coffer Peach Business Tracker, out today.

“Considering the barnstorming July that pubs had last year, holding relatively steady this July will be seen as a good performance, and restaurant groups will be more than relieved with their sales recovery,” said Karl Chessell, director of CGA, which co-produces the report. Sales growth was stronger outside the M25 than in London, rising 1.3 per cent compared to one per cent, according to the report. Restaurants fared better outside the capital, while pubs proved more resilient in London. However, the tracker showed restaur-

JAMES BOOTH

Borrowing at UK-listed firms leaps to £638bn

ITALIAN luxury label Versace and its artistic director Donatella Versace apologised yesterday after one of its t-shirts was widely criticised on Chinese social media for identifying Hong Kong and Macau as independent countries. Versace, which was bought by Michael Kors’ Capri Holdings in September, said on its Twitter-like Weibo account that it had made a mistake and as of 24 July had stopped selling and destroyed the t-shirts.

BRENDA GOH

Versace apologises after t-shirt triggers fierce criticism in China

Milan-based Versace is the latest company to become entangled in political issues involving China. Since last year, Beijing has increased its policing of how foreign firms describe Hong Kong and Macau as independent countries. Versace, which was bought by Michael Kors’ Capri Holdings in September, said on its Twitter-like Weibo account that it had made a mistake and as of 24 July had stopped selling and destroyed the t-shirts.

Top recruiters warn corporate job hunters over old social media posts

THAT embarrassing tweet you did and forgot all about five years ago could cost you a top job in the City, recruiters have warned. Old social media posts could come back to haunt those that made them, with many financial employers starting to scrutinise Twitter and Facebook accounts as part of the job-vetting process. Graduates hoping to land a job at listed recruitment giant Robert Walters, told City A.M.: “It’s a big consideration for lots of the major banks... HR teams often now do it as part of any process.”

SEBASTIAN MCCARTHY

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JAMES WARRINGTON

Physical entertainment sales slump amid consumer shift to streaming

THE PHYSICAL entertainment market declined almost a fifth in the last quarter, as the growing popularity of streaming services continues to impact traditional formats. Sales of CDs, DVDs and video games dropped 19 per cent in the 12 weeks to the end of June, as a reduction in shopper numbers was compounded by a lack of major releases over the period. The high street has been hardest hit, while Amazon increased its market share, accounting for 25 per cent of all sales, according to data published today by Kantar. "Amazon and Ebay are increasingly popular with shoppers wanting to get the latest releases without leaving their homes – particularly if a traditional retailer has disappeared from their local high street," said Claire McCelland, consumer specialist at Kantar. Amazon will be hoping for a further boost from Prime Day, its bumper two-day sale period in July. The brand-new game market suffered a 14 per cent decline in like-for-like sales over the quarter, due to a reduction in new releases and a fall in average prices.

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MIX of worries over the US-China trade dispute and political turmoil in Italy weighed on heavyweight banks and miners dragged on the FTSE 100 on Friday, while the mid-cap index fell after a surprise downturn in the UK’s economy last quarter.

The FTSE 100 gave up 0.4 per cent to 7,253.85 points to end its worst week in three months with a two per cent drop.

The domestically-focused FTSE 250 handed back earlier gains to end 0.24 per cent lower at 19,992.15 points.

Banks were hit as US President Donald Trump said he was not ready to make a trade deal with China, the world’s largest market.

Financial stocks dropped after Italy’s ruling coalition collapsed and far-right League party leader Matteo Salvini called for early elections.

Kaz Minerals on figures, as does Prudential, posted disappointing results for its platform, which enables businesses to automate the digital operations platform.

Sandeep will draw on his extensive experience to help the digital operations platform capitalise on demand for its platform, which enables businesses to automate real-world, complex business processes. Sandeep joins from Hitachi Consulting, where he held the role of director of business development. Other companies he has held roles at over his career in the technology space include Fujitsu, Insureon and Tantum Corporation. He is also a board member of the Linux Foundation’s Cloud Native Computing Foundation (CNCF).

Autologyx felt now was the ideal time to bring in Sandeep. Tasked with bolstering Autologyx’s presence in the legal, R&D and insurance sectors and facilitating its rollout into new markets, Mathew Lodge joined Diffblue as chief executive. Founded in 2016 by Daniel Kroening, professor of computer science at the University of Oxford, Diffblue’s Artificial Intelligence technology allows engineers at organisations such as Goldman Sachs, to improve the code quality and build new software and applications faster than ever before. Most recently the senior vice president of products and marketing at Avancore, Matthew has over 25 years’ experience in the software industry at organisations of all sizes. Prior to this, Matthew was the vice president of cloud services at VMware, co-founding its vCloud Air IsaaS service, which achieved $100m (£83m) ARR in two years. Earlier in his career, he held a number of product and marketing roles at companies including Symantec and Cisco. He was also a board member of the Linux Foundation’s Cloud Native Computing Foundation (CNCF).

Autologyx Digital operations platform Axologyx has appointed Sandeep Kam as chief commercial officer to accelerate its expansion. The company has recently secured an additional £1m in funding from its existing investor base. However, with ambitious targets for the next 18 months, Autologyx felt now was the ideal time to bring in Sandeep. Tasked with bolstering Autologyx’s presence in the legal, R&D and insurance sectors and facilitating its rollout into new markets, Sandeep will draw on his extensive experience to help the digital operations platform capitalise on demand for its platform, which enables businesses to automate real-world, complex business processes. Sandeep joins from Hitachi Consulting, where he held the role of director of business development. Other companies he has held roles at over his career in the technology space include Fujitsu, Insureon and Tantum Corporation. Sandeep has a track record and agreed market access. "The challenge? Solving it. Jefferies maintained their “Hold” rating on the firm, and said they were exercising "ongoing caution." They gave it a target price of 4.52p.

Unilever has appointed Mathew Lodge has joined Diffblue as chief executive. Founded in 2016 by Daniel Kroening, professor of computer science at the University of Oxford, Diffblue’s Artificial Intelligence technology allows engineers at organisations such as Goldman Sachs, to improve the code quality and build new software and applications faster than ever before. Most recently the senior vice president of products and marketing at Avancore, Matthew has over 25 years’ experience in the software industry at organisations of all sizes. Prior to this, Matthew was the vice president of cloud services at VMware, co-founding its vCloud Air IsaaS service, which achieved $100m (£83m) ARR in two years. Earlier in his career, he held a number of product and marketing roles at companies including Symantec and Cisco. He was also a board member of the Linux Foundation’s Cloud Native Computing Foundation (CNCF).
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**Jordan Belfort’s tip of the week**

“Smart people buy penny stocks”

Buy online at **immersivewolf.com**

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**MONDAY 12 AUGUST 2019**

**MARKETS**
**We can avoid a no-deal Brexit, if both sides will just keep calm**

Boris Johnson has only promised two things: leaving the EU on 31 October, and getting rid of the Irish backstop. But once the UK is out of the EU there is no better time to consider the choices Britain could do without. Nonetheless, London offers a unique environment for the world’s fintech sector. I have seen for myself how partners from around the world are keen to take the oath without the words “on the true faith of a Christian”, as opposed to “on the true faith of a Christian King”.

Peter Estlin is the lord mayor of London.

**LETTERS TO THE EDITOR**

**Non-domination**

(Re: Capital Fright)

Friday’s front page blamed Brexit and Jeremy Corbyn for the exodus of non-domestic taxpayers from London. The problem with any news surrounding Brexit is that there is no ‘Brexit’ per se. Some non-dom case is a clear example of this.

None of them have left primarily because they do not have a ‘Brexit’ at all, but because these may be contributing factors. It has more to do with former chancellor George Osborne, who targeted the tax rules for wealthy foreigners living in Britain. There was no reason for this – he was pandering to voters who had been influenced into believing that non-doms received preferential treatment and did not contribute sufficiently to the economy.

The changes resulted in large numbers of individuals losing their tax status in the country. But before voters are promised an expenditureutopia, they should be made aware that the very tax off the table that feeds them is probably not a good idea. In truth, non-doms pay an enormous amount of tax. They tend to send their children to private schools and use private healthcare. Their lower tax status is therefore a benefit to society, as it frees up valuable resources paid for by their taxes.

Roger Ghesron, founder, Ghesron Solicitors

**BEST OF TWITTER**

The 1847 election took place from 28 July to 1 Sept. Lionel de Rothschild was elected as Britain’s 1st Jewish MP. He didn’t take his seat until 1818 when the Jew Relief Act was passed, allowing him to take the oath without the words “on the true faith of a Christian”.

@lizzpalf

1945-1970s: UK is the highly regulated sick man of Europe.
1973: UK joins E.U.
1997-2016: UK is the neoliberal poster child.
2016: UK leaves E.U.

@ismb

DELIVERY OPTIONS:

Parcelforce – we delivered your parcel, anywhere.
Amazon – it’s in your neighbour.
MY HERMES – We threw it in a quarry.

Peanuts - No one attended after two seconds so you have to collect it from a shed in Wales.

MY HEROES – We threw it in a quarry and burnt it.

@georgiagiffith

Can we make a reality show where we make baby boomers by applying to jobs for the first time in 30 years using their own advice, and see how quickly they have a mental breakdown?

@Headymead

**One message resonates across the globe:**

London is still one-of-a-kind for finance

A 5 PEOPLE across the City head off on their travels over the summer holidays, there is no better time to reflect on the exciting opportunities for the UK across the globe as our future trading relationship comes into sharp focus.

I have already been fortunate enough in my role as the 691st lord mayor of London to champion the UK’s financial services sector in more than 15 countries.

Across our extensive markets, it’s been clear that the fundamental strengths of London continue to resonate. From Toronto to Tallinn, Sao Paulo to Singapore, the same themes come up again and again when I speak to politicians, regulators, and businesses all over the world.

They see London as the city that offers the world a unique combination of time zone, language diversity, regulation, talent, and financial services ecosystem which makes us truly a gateway to global capital and advice. Indeed, 40 per cent of the world’s biggest banks are based outside of the UK, and it is essential that we maintain that pipeline to global talent in the years ahead.

They also see us as a hub for innovation and at the centre of the drive towards greening the global financial system – and they’re right.

We’re home to more than a tenth of the world’s fintech industry, with more venture capital investment per capita than anywhere else in Europe.

There are around 1,000 new start-ups each year in the City, and we could soon overtake even San Francisco as the home to most fintech “unicorns” companies, with the likes of Revolut, TransferWise, and OakNorth leading the way.

Meanwhile, the recently launched Green Finance Institute is already providing leadership in this nascent sector. I have seen for myself how partners from around the world are eager to work with London to progress in the green finance space, whether that be in order to build sustainable energy infrastructure in Colombia or to work with China on building green principles for the Belt and Road Initiative.

After the summer break, I will be visiting Australia, India and South Africa among other countries – three very different markets that can all benefit from partnership with the UK.

In Australia, I’ll be joined by a delegation consisting of some of our City’s best fintech startups, while asset management will also likely be high up on the agenda.

My visit to India comes soon after the premiere of thethird-season of the Netflix series May attended the successful India Day event we hosted with the Department for International Trade at Mansion House.

And in South Africa, I’ll be looking to focus on how the City of London’s expertise can accelerate efforts towards sustainable development, bringing millions of people out of poverty.

These three priority areas for businesses and consumers is something we could do without. Nonetheless, London remains unique in the world of finance, and this city is proving all over again that it possesses the expertise and entrepreneurial spirit to thrive in the long term.

That’s not just my view, but also that of our partners looking around the globe.

Peter Estlin is the lord mayor of London.
Chill out, take a breath, and try not to worry about wasting time

Michael Hayman

The notion is now worth $4.2 trillion and represents 5.3 per cent of global economic output. Entrepreneurs are creating billion-dollar wellness brands, like Michael Acton-Smith with Calm, the meditation and mindfulness app. Speaking to the BBC earlier this year, he said: “21 months ago there were nine of us in a one-bed apartment – now we’re the world’s first mental health unicorn”. The world is waking up to the need for wellness.

Elsewhere, much is being made of the need for the nation to take its time. In the investment industry, despite the travails of Neil Woodford, patient capital is a thing: a movement of voices that time to think is a waste of time, and in doing so boost the bottom line. The need for the nation to take its time proved to be well worth waiting for. Today, the Sustainable Living brands are growing 46 per cent faster than the rest of Unilever’s business and delivering 70 per cent of its turnover growth in 2018. It’s a long-term game that strives to benefit the environment and address rising consumer awareness – and in doing so boost the bottom line. Using purpose to deliver profit has proved to be well worth waiting for.

So, next time somebody tells you that time to think is a waste of time, chill. Roald Dahl put it like this: “Watch with glittering eyes the whole world around you because the greatest secrets are always hidden in the most unlikely places.” Happy holidays.

Burned-out, frazzled, overcooked – sound familiar? Founder fatigue is a real issue

The Treasury has stopped making 1p and 2p coins, but should we just scrap them completely?

The rising cost of living has eroded the value of pennies, while surveys suggest that now over half of them are left lying around unused. And as cash use falls, overtaken by card payments for the first time in 2017, this redundancy will only increase.

Because of this decline in value, the two million people in the UK who still regularly need to use cash – the elderly, people who live in rural areas, and the vulnerable – can no longer rely on coins of such a small denomination. Pennies often end up in the hands of charities. This seems like a good thing, until you remember that these charities have to bear the cost and hassle of processing them. The availability of small change could also be dissuading consumers from donating in higher denominations. The best case for keeping pennies is the nostalgia factor. But the best case for getting rid of them is that they’re expensive to make, harmful to the environment, remain mostly unused – and have been rendered pointless by the rising cost of living.

Finn McRedmond

The tidal wave of cryptocurrencies and mobile banking platforms is transforming how people exchange payments and conduct business. Yet the race for instant digital transactions should not be weaponised to justify abruptly ending the right to use traditional cash as people see fit. mobile banking platforms is the race for instant digital transactions should not be weaponised to justify abruptly ending the right to use traditional cash as people see fit. The Treasury has stopped making 1p and 2p donations, which provide major funding to tackle homelessness and deprivation in our cities.

As the old saying goes: “look after the pennies and the pounds will look after themselves.” Freedom to choose is a crucial component of any democracy, whether that be the latest mobile banking app or using traditional coins.

Khalid Talukder

Khalid Talukder is chief operating officer at Elemental Financial.
The good, the bad, and the ugly of starting a business

As A-level results day approaches, we need to teach young people that it’s fine to fail

EVERY entrepreneur has a story of past failure that they’re not afraid to share. I’m no exception. Back in 2010, when Octopus began investing in film production companies, we turned down the opportunity to invest in a small British film called The King’s Speech, which went on to gross £250m worldwide and win four Oscars.

Instead, we invested in Burke & Hare, an “edgy” horror-comedy that lost money at the box office and was labelled “unpleasant drivel” by the Hollywood Reporter.

It was painful to get it so wrong. But since then, I’ve grown to appreciate that failure is an important, if not essential, part of running a business.

As difficult as it can be, making mistakes, owning them and learning from them has been one of the best ways to make progress.

Dealing with failure is hard, which is why it really pays to learn about resilience early in life.

We recently partnered with The Entrepreneurs Network to produce the Future Founders report, asking British 14-25 year olds what they thought about entrepreneurship.

Of those we spoke to, 85 per cent said they had thought about starting a business, had started one already, or would be open to the idea.

But more than two thirds cited fear of failure as a barrier that would stop them moving forward with their entrepreneurial ambitions.

Entrepreneurship can be rewarding. Yes, it’s bloody hard work, but it can allow founders a huge amount of freedom to work on ideas they truly believe in – and which have the potential to have a big impact on society.

Think about where we would be today if the people behind Google, Microsoft, or Apple hadn’t tried to make a go of their ideas.

To inspire the next generation to start their own businesses, we need to let them know that failing is okay.

Talking more about the good and the bad side of entrepreneurship can have a hugely beneficial effect. Our research showed that the young people with the greatest interest in starting a business are most likely to know someone – a friend or family member – who owns a business themselves.

If more young people were aware of business owners in their own neighbourhoods, or if more entrepreneurs visited schools and colleges, the next generation could find themselves being inspired by examples that are closer to home.

In our survey, 70 per cent of respondents admit that they wouldn’t know where to begin when it comes to setting up a business. Imagine how useful this practical lesson would have been, alongside all the algebraic formulas you probably haven’t thought about since.

Starting a business isn’t for everyone and I’m not suggesting it should be. But ultimately, the next generation can benefit from becoming more entrepreneurially-minded, regardless of whether they plan to build their own company or not.

To that end, entrepreneurs have a responsibility to share their stories, of success and failure, to inspire and educate young people about the realities of running a business.

That’s why I’m not afraid to tell the tale of passing up Colin Firth in favour of “unpleasant drivel”.

Simon Rogerson is chief executive and co-founder of Octopus Group, and City A.M. Entrepreneur of the Year.
WELLBEING is a big business. Technology can now closely track our personal health, with apps and devices to monitor how many steps we take, what calories we’ve eaten, our blood pressure, and even how well we sleep. Fitness and other wearable gadgets have also exploded in popularity with health-conscious consumers.

Is there a limit to this trend? Well, as an indicator that there is not, you can now buy wearable tech for babies.

The Owlet “smart sock” is a piece of fabric with a sensor that wraps around a baby’s foot. The wireless monitor tracks the baby’s heart rate, oxygen level and sleep, and this data can be streamed live to parents via an app. It can then alert them if these readings become abnormal, prompting them to check on their child.

A cynic might think that such a product is designed to profit off the paranoia of new parents, but it’s worth mentioning that Owlet is run by four fathers who are well aware of the stress of parenting. Designed for infants up to 18 months old, the ethos of the company is to provide customers with peace of mind.

“Having a baby should be and can be the happiest time of their life, but it’s also the most stressful,” says Jake Colvin, father of three and co-founder and vice president of international operations at the US firm, which launched in the UK at the start of 2019.

“You get home from the hospital and you don’t know what to do with it. Overnight you become a sleep clinician, a doctor, a nurse, a nutritionist, and that’s a lot to take on. So we thought, ‘okay, are there any tools we can give parents to make that journey a little easier?’”

Owlet was founded in 2013 by Kurt Workman, Zack Bomsta, Jordan Monroe, and Colvin. The four met while on a fellowship programme at Brigham Young University in Utah about starting a business and designing products. Colvin explains how Workman – now the company’s chief executive – came up with the original idea.

“It started as a wireless version of a pulse oximetry for a hospital – that thing you clip onto your finger which measures your blood’s oxygen level. Kurt had been working with a friend who was a nursing student, and they absolutely loved the idea,” he recalls.

Around that time, Workman’s relatively tragically lost a baby to Sudden Infant Death Syndrome, and he and his wife worried about the health of their future children.

“He thought, why is there nothing for moms like that hospital monitor? Why can’t we have something for that? So we all got back together in the fall and he said, ‘I’ve got this technology I’ve been playing around with, wireless pulse oximetry, and I’m thinking about what if we used it in the home, specifically for infants’.”

They spent the rest of the programme developing the idea into a product and a business.

“It was a very messy, iterative process,” admits Colvin. “We’d gone through 400 versions of our product – and that’s just on the electronic side. Then you’ve got the mobile side, and the app, and the software, and then the actual fabric socks.”

The company shipped its first unit in 2015, and two years later expanded to Canada and Australia. Colvin recalls how keen parents around the world were to get hold of the product.

“At the very first trade show we did in Australia, I had a mom come up to me who said ‘I bought your original version years ago, I’ve got another child and I’d like to upgrade my sock’, so we gave her a new unit. She said she’d paid $500 to get the original one, more than double what it cost in the US, just to get it down to Australia herself and import it,” he says.

“If you’ve found a problem where people are willing to go to that extent to solve it, then that’s fantastic for a business – that’s huge.”

If you’re a parent reading this and think it might be useful for your own child, note that it’s not cheap – the smart sock currently retails for around £269. That one-off cost, however, does cover the analysis of the data and storage in cloud-based servers forever (well, until the baby grows out of the sock), and Colvin explains that the price has come down significantly from inception.

“The nice thing is that the cost of technology is constantly coming down. Our first units were thousands of dollars to make each, and now it’s coming down to where we can make it an affordable product that meets the market.”

But it’s not been plain sailing. Owlet faced a backlash from the medical community when it first started.

“Half of doctors would say ‘we don’t want to hear anything about it, you’re just going to create more panic, drive people to emergency rooms and cause more anxiety.’ On the other hand, you’d have other doctors and nurses saying ‘this is absolutely brilliant, we need something like this’, he recalls.

“But if you have experts saying ‘you can’t do it’, that can make it hard to get funding and to get people to believe you.”

Owlet did listen to these concerns, and made sure to design the customer experience to avoid causing undue stress. It also commissioned research into the sock’s impact on parents.

“96 per cent reported less anxiety, 94 per cent report a lot better sleep, and that was tested on over 50,000 parents through third-party research published in medical journals in the US,” Colvin says. “We’ve had over 400,000 people use our sock now, and it’s a very positive experience.”

It’s important to note that the monitor is not a medical device: it’s not telling parents when to take their child to the doctor, it is only reporting data.

“That’s the parent’s call: we’re not diagnosing for them,” Colvin reiterates. “We’re giving them information that they wouldn’t otherwise have, and letting them make a decision for how they care for their child the best, which is no different than any other type of technology in our lives.”

Pushback from doctors isn’t the only trouble the company has faced. Just this month, it was reported that the National Advertising Division in the US (the equivalent of our Advertising Standards Authority) was concerned that parents might misinterpret Owlet’s marketing and think that the monitor could prevent illness. It advised the business to make its disclosures – that the monitor only gathers information – clearer.

There may even be the risk of legal issues if parents act (or don’t act) based on information from the device.

But despite such setbacks, Colvin and his colleagues have made a success of the business, which generated revenue of $25m in 2017 and is now worth more than $100m. Owlet is also working on other products, including a pregnancy band for mothers-to-be to measure fetal heart rate.

Some may mock the extremes of the personal data tracking trend, but in this case Owlet does seem to have tapped into a massive consumer demand, and is catering to a market that is above all seeking peace of mind about their kids.
TRAVEL

40 HOURS IN...
BAD RAGAZ, SWISS ALPS

WHERE TO STAY
The newly refurbished Grand Hotel Quellenhof has a chandelier modelled after a waterfall as its lobby centrepiece, and has opened a health-conscious restaurant, Verve by Sven. Acres of landscaped parks overlook the mountains. Visit resortragaz.ch

WHAT TO DO
Take a hike up to the Tamina Gorge, a natural source of thermal water, and gander at the stunning vistas. There’s a special curated illumination show called Light Ragaz that runs until the end of September. Mesmerising and immersive. Visit lightragaz.ch

WHERE TO EAT
Wassmer brings fresh Swiss Alpine fond recollections of food from the past, but with a completely new twist. Head chef and owner of the concept restaurant Memories, Angelina Villa-Clarke transformed it from classic to cutting-edge. Visit memories.ch

WHERE TO DRINK
Head out to the Golden Wave Bad at Casino Bad, the biggest gin bar in the town, which offers over 100 different kinds of gin. Take a spin at the wheel and place your bets, better yet enjoy the people watching with a nice gin in hand. Visit casinoragaz.ch

THINGS ARE GOING SOUTH
A £15m new spa opening at this traditional country-house hotel in Sussex has transformed it from classic to cutting-edge. Angelina Villa-Clarke dives in...

THE WEEKEND: When you arrive at South Lodge, on the edge of the South Downs. It is exactly what you’d expect from a country house hotel, with pretty grounds, a honey-coloured stone exterior and a crunchy gravel drive giving you the obligatory warm welcome. And while you can certainly decamp here for an enjoyable weekend away, with some stellar food to boot (the hotel has two standout restaurants: The Pass and Camellia), the new cutting-edge spa, tucked away behind its trad façade, further elevates any jaunt away from home.

THE SPA: Designed by architects Felce & Guy, it has a sleek, modern look with plenty of glass and anthracite metal. Sustainability is a strong focus of the design, with green oak cladding, a grass and sedum roof, a biomass boiler used for power and a reed bed for sewage treatment. Throughout, there’s also an ‘outside-in’ ethos, with plenty of features that make use of the hotel’s idyllic setting. Retractable glass doors give an airy feel to the interiors, and outside there’s a bubbling outdoor hydrotherapy pool and cute cocoon-pods found on sun decks. Best of all is the UK’s first heated natural swim pond, which is like a mini wild lake. Meanwhile, public spaces have a coy, eclectic feel with mid-century-style lighting, tactile ‘tree-trunk’ tables and lime-green velvet sofas.

THE FOOD: Chef Jonathan Spiers heads up the in-spa Botanica, which combine sound, light, scent and vibration for the ultimate in relaxation. There’s a delicious dessert section and, for those looking to assuage any guilt, there’s a range of ‘small bites’ including lavender shortbread and courgette and polenta cake.

ASK ABOUT: The Ridgeview Beauty Bar, which has the UK’s only sparkling wine Enoflute dispenser, to keep the bubbles flowing while you enjoy a pedicure or manicure.

TOP TIP: After your treatment, make sure you try one of the futuristic Four Senses Lounge beds, which combine sound, light, scent and vibration for the ultimate in relaxation.

NEED TO KNOW
To stay at South Lodge, rooms start at £265 (for B&B and spa access). Beauty treatments begin at £20 for a men’s clipper cut or beard trim. To book or to enquire about membership, visit exclusive.co.uk/south-lodge
Watson timing his run to perfection

Versatile Bath back looks World Cup-bound after injury torment. By Michael Searles

His was Anthony Watson’s first outing in an England shirt for almost 17 months after a year of injury hell that left him at the lowest point of his career.

The 25-year-old has had to watch his England team-mates build toward the World Cup, as Eddie Jones tinkered with his line-ups, all the while wrestling with the prospect that, although once a regular on the team sheet, he may not be going to Japan.

But as he starred in a 33-19 warm-up win against Warren Gatland’s Wales yesterday, 24 hours before Jones is set to announce his final 31-man squad for the World Cup today, Watson showed that he may have returned to his peak at exactly the right moment.

It is expected that the Bath back will be among the players heading to the World Cup on 8 September, despite having only played four games since returning from his lengthy absence.

INDISPENSABLE
Watson’s initial injury, a torn left Achilles tendon suffered against Ireland in March 2018, required a second operation last summer, before his comeback was delayed further by a thigh injury that meant he did not play competitively until the end of April this year.

He featured at full-back for 73 minutes as Bath lost to Sale Sharks, before playing in subsequent matches against Wasps and Leicester Tigers in May. But as the season drew to a close, so did his chance to get back to his best and prove his worth to the England set-up.

Thankfully for Watson, Jones is a fan.

The head coach has kept one of his prize assets in the loop, bringing Watson along to a Six Nations training camp earlier this year to talk with defence coach Jon Mitchell about the back three’s new responsibilities, and sending him off for a week of isolated conditioning training in July to accelerate his preparation.

That approach suggested he has never been far from the head coach’s thoughts.

His selection for England’s preliminary World Cup squad in July went against the grain, as Jones tended to prefer form over experience.

But in Watson’s case, however, the versatile back, who prior to his injury was a mainstay of the England side, had proven himself almost indispensable to Jones, scoring 15 tries in 33 Test matches since his debut in 2014.

At 6ft 2ins and 15 stone, his athleticism, speed and agility make him formidably equipped across the back three.

And when selecting a World Cup squad, versatility is key.

OMENS
The same applies for the likes of Jack Nowell and Elliot Daly, the latter of which Jones has used at full-back in the year and a half since Watson’s absence.

Whether he will stick with Daly, who has faced questions about his ability under the crossbar, or return to his previously preferred option in Watson, remains unclear.

Just the way Jones would want it.

One thing that is transparent, however, is that Watson’s return looks likely to spell the end of Mike Brown’s time with the squad. And a lack of versatility to play more than one role across the back line could also see the likes of Jonathan Joseph, Ben Teo and Danny Cipriani among the high-profile casualties today, depending on how many backs are cut.

The omens are certainly in Watson’s favour when Jones makes his announcement and, if he is indeed back to or near his best, it would be inconceivable for Jones to leave him out.

Occasional VAR delays are small price to pay for fairer game

Reviews get it right and that’s what matters, says Frank Dalleres

EDINBURGH, taxes and Manches-
ter City racking up a
relegation record of last season has already been equaled.

Arsenal’s 3-0 win at Newcastle on Sunday, earned by Pierre-Emerick Aubameyang’s cool second-half finish, means they have matched last season’s tally of clean sheets in league games away from home.

Rather than defensive brilliance, on this occasion it owed more to the toothlessness of the Magpies’ attack at a subdued St James’ Park some 4,000 spectators short of its average attendance amid a protest at owner Mike Ashley.

Tottenham supporters thinking of leaving early to beat the rush. On the other hand, it was less incentive to desert the on-site microbrewery and be in position before kick-off.

ONE-NIL TO THE ARSENAL
The season may be but one weekend in but one of the most eye-catching records of last season has already been broken.

VAR critics’ line of reasoning is that speed is better than justice. That is cutting the nose off to spite the face.

And if the title race proves as close as last year, the exact number of goals that City or Liverpool score could even decide the destination of the trophy. The season already has that whiff about it.

Let us follow, for a moment, VAR critics’ line of reasoning to its logical conclusion: that it is worth getting the delays caused when checking if Raheem Sterling was offside for Gabriel Jesus’s disallowed effort and his own second goal, and whether Declan Rice had encroached before clearing the loose ball from Sergio Aguero’s saved penalty.

Seemingly lost on the VAR truthers is the fact that – as a direct result of the reviews – all of the above decisions were ultimately called correctly.

Perhaps it is because these short delays seem an unnecessary convenience when the only issue in question is the toothlessness of the thrashing City dish out on the opening weekend of a new season.

But what about in a relegation decider on the final day of the campaign, when making the wrong call would unjustly cost a club another season in the top flight and upwards of £100m?

And if the title race proves as close as last year, the exact number of goals that City or Liverpool score could even decide the destination of the trophy. The season already has that whiff about it.

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Seemingly lost on the VAR truthers is the fact that – as a direct result of the reviews – all of the above decisions were ultimately called correctly.
SPORT

Blue murder for new Chelsea boss Lampard as freewheeling United run amok, writes Frank Dalleres

F

EW footballing unions are as long and happy as Frank Lampard’s association with Chelsea, with whom he renewed his vows when he returned to Stamford Bridge as manager last month.

Not many honeymoons have been so short, either.

On his first Premier League match in charge of the team he played for with such distinction for 13 years, the former England midfielder suffered a chastening 4-0 defeat at Manchester United that posed some fundamental questions.

His readiness to use Chelsea’s abundant young talent was one of the reasons for his fast-tracking into the role so early in his coaching career and he stayed true to that at Old Trafford, picking Mason Mount, 20, and Tammy Abraham, 21, over older heads.

But despite a bright opening spell the experiment went emphatically awry and, while no definitive conclusions should be drawn this soon, Lampard has immediately found himself under pressure to justify his high-risk approach.

OLE’S SECOND BOUNCE

If this was a nightmare start for Lampard, however, it was the stuff of dreams for Ole Gunnar Solskjær, whose own short tenure at United appeared to be in terminal decline as their season limped to a pitiful conclusion in May.

Away from the club’s largely shambolic transfer window, the Norwegian has quietly had an encouraging pre-season, winning five of six fixtures, and his side built on that momentum against Chelsea, growing in confidence with each goal.

This almost felt like Solskjær’s second-new-manager bounce. United looked loose and liberated and, by the closing stages, played with an attacking spontaneity not seen since the first few games after his arrival last December.

RASHFORD AND POGBA SHOW

Marcus Rashford led the scoring with two goals, the first a penalty after he had been fouled by Kurt Zouma and the second – United’s third – a classy finish slotted past Kepa Arrizabalaga after darting onto Paul Pogba’s raking pass over the top.

As in their post-Mourinho purple patch last season, Rashford and Pogba were at the heart of most of United’s best play and they were never more dangerous than when linking up with each other.

It was Pogba’s swashbuckling run that also led to the fourth goal for substitute Daniel James on his debut.

After a summer of uncertainty about the Frenchman’s appetite for life at the club, here was some welcome hope that he can drive United on to better things this year.

MARTIAL STEPS UP

United were far from flawless and could easily have been behind before the 17th-minute penalty, but positive signs abounded as the afternoon unfolded, not least among the new faces.

Harry Maguire brought authority to a back four, while Jorginho looked more penetrative than last season under Maurizio Sarri.

Lampard’s approach was brave and made for a hugely entertaining contest, albeit one that leaves Chelsea already playing catch-up with their Big Six rivals, all of whom took maximum points at the weekend.

SPORT DIGEST

WORLD CUP BOUND

Watson timing his injury return to perfection

Page 19

ENGLAND BEAT WALES IN FINAL WORLD CUP SQUAD AUDITION

An experimental England ended Wales’ 14-match winning streak with a 3-1 victory at Twickenham yesterday. In their last game before head coach Eddie Jones names his 31-man squad for the World Cup today, the hosts took control through early tries from Billy Vunipola and Joe Cokanasiga. After Gareth Davies responded, Luke Cowan-Dickie scored his first England try and the kicking of George Ford kept Jones’s men in front, despite further Wales tries from George North and Wyn Jones. England flanker Tom Curry and Wales fly-half Gareth Anscombe both suffered injuries, raising doubts about their World Cup fitness.

ADMIN GAFFES COSTS BRITAIN AT EUROPEAN TEAM CHAMPS

Great Britain finished fifth at the European Team Championship of athletics yesterday after an administrative blunder saw them disqualified from the men’s 4x400m relay. Richard Kilty won the men’s 200m while Eilien Williams smashed her personal best by 0.01sec as he triumphed in the triple jump. But there was farce in the relay, where the British team were not allowed to run because they had named shot putter Youcef Zatat in their squad rather than sprinter Rabah Yousif. “There was a technical error with the declaration process, we’re exploring what happened,” said UK Athletics performance director Neil Black. “It’s absolutely gutting.”

CHADWICK SECURES W SERIES GLORY IN NERVY FINAL RACE

Britain’s Jamie Chadwick clinched the inaugural W Series title yesterday at Brands Hatch despite driving what she called the “worst race of my life.” Chadwick, 21, finished fourth on the day to pip Dutch rival Beitske Visser by 10 points. “I knew I had the championship to fight for, and these guys had nothing to lose,” she said. “The pressure got to me a little bit.” Victory caps a stellar year for Chadwick, who joined Williams F1 as a development driver in May. Fellow Briton Alice Powell won the final race ahead of Finland’s Emma Kimilainen and Visser.

I’M PAIN-FREE FOR SINGLES COMEBACK, SAYS MURRAY

Andy Murray says he is playing tennis pain-free as he prepares for his first singles match since January today. The Briton, who had hip resurfacing surgery six months ago in a final bid to prolong his career, is due to face Frenchman Richard Gasquet at the Cincinnati Masters this afternoon. “I have zero pain,” said the 32-year-old, who began his latest comeback by playing doubles at Queen’s Club and Wimbledon this summer. “I’m not expecting to be moving as well as I used to, but I still think I can probably move better than I am just now.” Murray has not yet confirmed whether he intends to enter the US Open, which starts later this month.