Javid’s plan set for next Wednesday

CATHERINE NEILAN
@CatNeilan

CHANCELLOR Sajid Javid has brought forward his debut spending review to next Wednesday, fuelling speculation of an autumn General Election.

Javid was due to give his first major speech since becoming chancellor this morning, before it was cancelled yesterday.

The Treasury said the spending review would “cover the themes and priorities he was due to outline”.

One source told City A.M. the decision to pull the speech had come from Number 10.

Javid is expected to announce significant spending hikes.

HOME OFFICE
advent banned by watchdog

CATHERINE NEILAN
@CatNeilan

A HOME Office advert telling EU citizens how to remain in the UK after Brexit has been banned by the independent watchdog for being “misleading”.

The Advertising Standards Authority (ASA) has told the government it must not broadcast a radio ad regarding the EU Settlement Scheme, saying it was not “sufficiently clear” what was required.

First broadcast in April, the ad said “all you need to apply is your passport or ID card and to complete an online form”.

A Home Office spokesperson said: “We completely disagree with ASA’s decision.”

BIG TOBACCO

PHILIP MORRIS AND ALTRIA ENTER TALKS OVER $210BN MEGA-MERGER

AS MARLBORO-MAKERS SEEK TO LIGHT UP ALTERNATIVE PRODUCTS

AUGUST GRAHAM
@AugustGraham

ONE Of the world’s most hotly anticipated mega-mergers kicked off yesterday as tobacco giants Philip Morris International (PMI) and Altria said they were in talks to form a $210bn (£170bn) behemoth.

The deal would reunite two companies that split up in 2008 amid regulatory pressures at the time.

In recent years, both businesses have put alternative nicotine products such as e-cigarettes at the front and centre of their strategies.

The merger would be the fourth largest on record, according to data from Refinitiv.

Analysts have suggested for some time that Altria might want to take PMI back into its fold a decade after they separated.

Yesterday, Altria, which owns Marlboro, confirmed it was in discussions over an all-stock merger of equals.

Declining traditional cigarette sales are putting pressure on the sector, but the global e-cigarette market hit $13bn last year and is expected to grow eight per cent per year over the next half-decade.

With disruption facing the world of tobacco, we can see some merit in a re-merger,” Bernstein analyst Callum Elliott said in a note.

An agreement between the two companies could help them market each other’s e-cigarettes, other analysts have said.

Altria already plans to market PMI’s IQOS, a heated tobacco product which won US approval in April, to American consumers.

Meanwhile, Altria bought a 35 per cent stake in popular vape pen maker Juul for $13.5bn late last year.

Bonnie Herzog, managing director at Wells Fargo Securities, said ahead of the announcement that PMI would be an ideal partner to help the younger Juul expand beyond the US.

Elliott said: “The combined entity - Philip Morris 2.0 - could present a united front” on alternative products, and “go about a coordinated global brand building exercise the same way Philip Morris originally built Marlboro.”

An agreement between the two companies could help them market each other’s e-cigarettes, other analysts have said.

US companies have spent 1.9 per cent more on mergers and acquisitions (M&A) this year compared to 2018, although the number of deals has fallen, showing a drive towards bigger acquisitions.

Meanwhile, Europe has dropped off the M&A radar, with 16 per cent fewer deals and 19 per cent less spent.
THE CITY VIEW

The summer is over, now it’s back to Brexit

The board is set, the pieces are moving, to quote Gandalf from the Lord of the Rings. Next week, MPs return from the summer recess and both the Brexiters and Remain sides are rallying their troops for the autumn battle. After a summer of insults and infighting, opponents of a no-deal Brexit (including Labour, the Liberal Democrats, the SNP, as well as some independents and Tory rebels), yesterday appeared to be solidifying around a plan. Rather than arguing about who would be a caretaker Prime Minister were Boris Johnson to be toppled in a vote of no confidence, the new strategy is to focus on blocking no-deal by passing legislation. This would require seizing control of the parliamentary agenda and passing a new law, perhaps to compel the Prime Minister to seek yet another Article 50 extension, as we saw in April. A confidence vote is being kept on the table as a backup plan, should that fail. The Brexiteers in Downing Street, however, are prepared. Over the weekend, reports surfaced that the government was seeking legal advice on proroguing parliament ahead of a no-deal Brexit. While Number 10 denied this, Johnson and members of his top team have repeatedly refused to rule it out. The message they are preparing is that, if parliament is going to insist on blocking “the will of the people” (defined as leaving the EU on 31 October without a deal), the government will simply ignore parliament. In the background, meanwhile, Downing Street is ramping up preparations for a snap election. And the Prime Minister’s office is working furiously to show that a deal remains a viable prospect. The encouraging noises that came out of the G7 over the weekend may have helped to quell the fears of some critics in the Tory party that the Prime Minister is hurting towards no-deal. Whether this is a serious endeavour or a ploy to keep Tory rebels on-side for the time being remains to be seen. The plausibility of either the government proroguing parliament or MPs taking control remains unknown. Britain has not been through quite this kind of constitutional conflict before – with parliament and the government so at odds, both claiming democracy is on their side – and it is uncertain where power lies. But with just 64 days to go until the deadline and all still to play for, one wonders whether MPs on all sides might consider skipping the traditional three-week recess for party conference season in order to get some work done instead.

The summer is over,
now it’s back to Brexit

CATHERINE NEILAN

@CatWelen

OPPOSITION parties have rowed back from plans for a vote of no confidence in the Prime Minister, instead agreeing to seize control of the Brexit end game through a legislative takeover. Labour leader Jeremy Corbyn held crunch talks in Westminster yesterday, to try to build a consensus around him leading a caretaker government, following a vote of no confidence.

However, the rebel alliance, which includes MPs from the Liberal Democrats, SNP, Plaid Cymru and The Independent Group for Change, now plans to put forward legislation they hope will prevent a no-deal Brexit. The hour-long meeting was “prodigious and detailed”, a statement from the various opposition parties said.

“The attendees agreed that Boris Johnson has shown himself open to using anti-democratic means to force through no deal. The attendees agreed on the urgency to act together to find practical ways to prevent no deal, including the possibility of passing legislation and a vote of no confidence,” it added.

They plan to meet again to thrash out the details, although it is thought one option being mulled would be to recite the tactic used earlier this year to force an extension to Article 50. One Labour source played down the suggestion that a vote of no confidence had been dropped as an option, but other parties stressed legislation as the best possible route forward.

“Excellent meeting between all the opposition party leaders this morning. We agree we will work together to stop a no-deal Brexit by legislation,” said The Independent Group for Change leader Anna Soubry.

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Trump tweet of approval for Conte’s return

US PRESIDENT Donald Trump yesterday welcomed the possibility that Italy’s former Prime Minister Giuseppe Conte could return to power following a political battle. Conte’s 5-Star movement is in talks with the centre-left Democratic Party (PD) to set up a new coalition government after the collapse last week of the Prime Minister’s alliance with the far-right League party. PD reported that “fruitful” progress had been made in the talks.

Trump tweeted: “Starting to look good for the highly respected Prime Minister of the Italian Republic, Giuseppe Conte. Represented Italy powerfully at the G-7. Loves his Country greatly & works well with the USA. A very talented man who will hopefully remain Prime Minister!”

FINANCIAL TIMES

Tech Giants Face No More Questions Over Contract

A late review of a $10bn (£8.14bn) Pentagon cloud computing contract has failed to seek new information from Amazon or Microsoft, the two bidders, raising concerns that it is a political ploy aimed at reassuring the White House.

Amazon had decided it was a “prudent course of action” to request a late review of a $10bn (£8.14bn) Pentagon cloud computing contract, known as Jedi, which had failed to seek new information from Amazon or Microsoft, the two bidders, raising concerns that it is a political ploy aimed at reassuring the White House.

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German exports fall at fastest in six years as economy contracts

HARRY ROBERTSON @henrygrobertson

GERMANY’s economy shrank in the second quarter, official statistics confirmed yesterday, as exports fell at the fastest rate in six years.

Exports fell 1.3 per cent quarter on quarter in the months from April to June, a breakdown of Germany’s economic performance revealed.

The sharp fall reignited concerns that Germany is heading for a recession – two quarters of consecutive negative growth – as trade wars, weak demand from China and Brexit negotiations weigh on growth.

“There is nothing in the detail of the second quarter GDP estimate to allay fears that the German economy will enter a recession in the third quarter,” said Andrew Kenningham, chief Europe economist at Capital Economics.

It followed a respected survey from the ifo think tank, which two days ago showed business confidence in the country fell to its lowest point in seven years in August.
AUGUST GRAHAM
@AugustGraham

OXYCONTIN maker Purdue Pharma is set to cough up between $10bn (£8bn) and $12bn to settle more than 2,000 lawsuits over its role in America’s growing opioid crisis, according to reports late last night.

Last week, at least 10 state attorneys general met with lawyers for the Sackler family, which controls the firm, to discuss a deal, NBC reported, citing sources.

The attorneys general are part of thousands of suits from states, cities and counties across the US.

They claimed that Purdue used deceptive tactics when marketing its drugs, helping to fuel the opioid crisis in the US, which is believed to have claimed more than 400,000 lives between 1999 and 2017.

Several US companies are facing lawsuits over their alleged role in the crisis which is ripping apart entire communities in the US.

Plaintiffs have claimed drug makers failed to tell consumers about the risks they faced from prolonged use.

On Monday, Johnson & Johnson was fined $572m by a judge in Oklahoma for using deceptive marketing of its addictive painkillers.

In March, Purdue paid $270m to settle another lawsuit in the state.

Patients seeking pain relief are often prescribed the powerful painkillers by doctors. But when legal supplies dry up they often turn to the black market, and even illegal drugs.

“As the Sackler family and the other defendants grew richer, New Yorkers’ health grew poorer and our state was left to foot the bill,” New York attorney general Letitia James said in March when updating a lawsuit against the company.

James alleged that Purdue fraudulently sent money to the Sackler family despite becoming insolvent.

Yesterday, Purdue Pharma said it was actively working with the state attorneys general to find a solution.

Muddy Waters accuses Burford Capital of deceiving its investors

JAMES BOOTH
@JamesBooth1

SHORTSELLER Muddy Waters blasted litigation funder Burford Capital again yesterday, saying the company “is not worthy of an Aim listing, let alone a US one”.

The shortseller’s first attack on Burford this month wiped 40 per cent from the company’s share price.

Muddy Waters yesterday reiterated its criticism of Burford in relation to cases it had funded for pharma firm Napo against rival Salix.

Deloitte UK partners set for payday despite spotlight on audit industry

JAMES BOOTH
@JamesBooth1

DELOITTLE partners are in line for their biggest pay cheque in a decade this year, despite the controversy surrounding the performance of the Big Four accounting firms.

Average profit per equity partner for Deloitte UK and Switzerland rose six per cent to £882,000 for the year ended 31 May.

Profit for distribution rose to £637m, from £586m in 2018. Deloitte said it had benefited from a one-off gain on the sale of an investment, lower provisioning charges and currency gains without which profit would have been flat.

Revenue grew 10.9 per cent from £3.58bn to £3.97bn.

The audit sector is currently facing unprecedented regulatory scrutiny after a series of scandals.

The Competition and Markets Authority recommended the introduction of joint audits and an operational split between the audit and non-audit businesses of the Big Four to make the sector more competitive and improve quality.

Stephen Griggs, Deloitte’s managing partner of audit, said: “We are looking at how to adapt the scope of our audit to match the needs of stakeholders.”

ON YOUR BIKE

High-end tech fitness firm Peloton files for US float as losses widen

THE CONNECTED fitness hardware maker Peloton yesterday released documentation for a planned initial public offering, according to a filing with the US Securities and Exchange Commission. Losses rose to $245.7m (£200m) in the year to June.

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Airtime Plan: April 2020

O2

Price £100

Announced in Feb 2020

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Muddy Waters’ latest report was titled: “Was MW wrong about Napo?” Answering, the first sentence was: “No. Don’t be silly.”

Muddy Waters had previously said that Burford had categorised its return on investment for Napo in its 2013 annual report as a “win with a significant return when it should have been a loss”.

Burford had said “the claim is simply false,” adding that another matter resolved first and resulted in an entitlement for Burford which is included in its 2013 reporting.
Two US landlords have withdrawn their legal challenges to Sir Philip Green’s restructuring plan for his embattled retail empire Arcadia.

The businessman has reached an agreement with Vornado, which owns two Topshop stores in New York, and Californian landlord Caruso, the company announced yesterday.

The retail landlords had launched an offensive against the retailer’s company voluntary arrangement.

Uber engineer faces US charges for stealing Google’s driverless secrets

The engineer is facing years in prison and a significant fine if convicted. His lawyers yesterday denied the allegations, adding they will prove he is innocent. Prosecutors at the US Department of Justice claimed that Levandowski took materials from Google after deciding to form his own company developing self-driving technology. The information included details on sensor technologies.

US attorney David Anderson said that employees “cannot…stuff our pockets on the way out the door”.

Three in 10 FTSE 100 companies have pledged to cut their executives’ pension payments in response to pressure from shareholders, as new data has revealed that investor rebellions are on the rise.

Research published today by the Investment Association showed that 30 companies on the index have made significant changes to executive pensions during this year’s annual general meeting (AGM) season. Of these, three companies (RBS, BT, and Aviva) appointed new directors with pension contributions in line with the majority of the workforce.


Six additional companies – ITV, Direct Line, RSA, HSBC, Segro and British Land – made multiple changes, reducing contributions for both existing and future directors.

Seventeen FTSE companies committed to giving new directors pension contributions in line with the majority of the workforce.

Data published on IA’s Public Register – which tracks investor rebellions of more than 20 per cent – showed that shareholder dissent is on the rise, with a five per cent increase so far this year.

“Shareholders have been very clear they want pension payments for executives to come down to the same level as the rest of the workforce and for diversity on boards to improve,” said Chris Cummings, the head of the IA, in response to the figures released today. “Companies that do not take on board shareholder concerns risk facing yet more shareholder rebellions next year.”

WEDNESDAY 28 AUGUST 2019 | NEWS | 05
US CONSUMER CONFIDENCE SLIPS IN AUGUST

US consumer confidence fell slightly in August following an increase in July, according to a closely-watched gauge yesterday, as expectations about the economy’s short-term prospects declined. Nonetheless, the drop in confidence was less than economists had predicted as consumers remain relatively upbeat in the face of a trade war with China and a global slowdown. The consumer confidence index (CCI) from business body the Conference Board fell marginally to 135.1 in August from 135.8 in July. The year 1985 is the benchmark. American consumers were upbeat about current business and employment conditions, however, with the present situation gauge rising to its highest point in nearly 19 years.

IN BRIEF

CHINA ANGRY OVER G7 STATEMENT ON HONG KONG

China’s foreign ministry said yesterday that Beijing is absolutely opposed to a statement from the G7 summit that referenced the current unrest in Hong Kong. The G7 group “reaffirms the existence and importance of the Sino-British Joint Declaration of 1984 on Hong Kong and calls for violence to be avoided,” according to the statement. Foreign ministry spokesman Geng Shuang said: “We express our strong dissatisfaction and resolve opposition to the statement made by the leaders of the G7 Summit on Hong Kong affairs. We have repeatedly stressed that Hong Kong’s affairs are purely China’s internal affairs and that no foreign government, organisation or individual has the right to intervene.”

SPENDING SPREE China announces measures to boost struggling economy

THE CHINESE government yesterday announced measures to boost consumption in the country as its economy slows under the weight of the US trade war. Beijing said regions should relax limits on buying cars and promote spending.

EMI ENSPANY STILL CREATING JOBS AS OPTIMISM SLOWS

UK employers are losing confidence in the economy, but are nonetheless looking to hire workers, a new survey has shown.

Employers are confident in the short-term and can hire in an uncertain period as new employees are cheaper in the short-term and can be hired in a downturn.

The government’s announcement that it will end the free movement of people instantly in the event of a no-deal Brexit could exacerbate the problem, the REC said.

“These skills shortages are especially acute in sectors like health and social care,” said Tom Hadley, director of policy and campaigns at the REC.

THE GROWING DESIRE TO TAKE ON WORKERS

Despite this pessimism, firms’ optimism slows despite falling business investment, a contraction in the manufacturing sector and a trade slowdown due to Brexit uncertainty, trade tensions and slowing global growth.

Some economists have suggested that businesses could be hiring workers instead of investing during an uncertain period as new employees are cheaper in the short-term and can be hired in a downturn.

Almost half of the surveyed firms expressed concern about finding enough suitable candidates to hire with unemployment at 45-year lows.

The government’s announcement that it will end the free movement of people instantly in the event of a no-deal Brexit could exacerbate the problem, the REC said.

“With over 100,000 vacancies in the NHS and staff already working at full capacity, the government’s recent announcement of ending freedom of movement has come at the worst possible time.”

MITSUBISHI LEADS $50m FUNDING ROUND FOR LONDON SOLAR STARTUP

Montreal-based MacKinnon Bennett and the sustainable energy arm of French utilities firm Engie. Bboxx targets homes and businesses in developing countries, where communities often need off-grid energy and mobile money is a widely adopted form of payment.

Today’s round follows a $31m investment by Africa Infrastructure Investment Managers in January. Last year, EDF took a 50 per cent stake in Bboxx’s Togo unit.

Bboxx currently operates in 12 countries in Africa and Asia.

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Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **75% of retail investor accounts lose money when spread betting and/or trading CFDs with this provider.** You should consider whether you understand how spread bets and CFDs work and whether you can afford to take the high risk of losing your money.
Pilots are on strike, but British Airways won’t be grounded for long

T he holiday plans of thousands of Britons have been put at risk by the threat of strikes by British Airways and Ryanair staff. British Airways pilots are set to strike on various dates throughout September over a pay dispute, after the airline lost an appeal to block the action. This led to customers spending hours over the Bank Holiday trying to rebook flights. Ryanair pilots are also striking throughout September, having started their first action last week. It insists most flights have taken off as scheduled despite the protest.

YouGov data shows that public opinion of strike action is negative; half of Brits feel that it’s an ineffective way of achieving change compared with just 32 per cent who think it can work. So how has public perception of both airlines suffered? Since strike talks began in July, public perception of British Airways and Ryanair has dipped, with the former suffering slightly more. Buzz scores (a net measure of whether consumers have heard anything positive or negative about the brand in the last fortnight) were at plus 2.7 at the start of July and fell to minus 36.4 on 14 August – a massive 39.1 point drop. Scores have since recovered to minus 12.8, but are still declining as action continues.

Ryanair’s scores haven’t fared much better, falling steadily from minus 15.6 to minus 32.0 over the period (16.4 point drop).

Comparatively, Ryanair’s score is minus 9.

If this pay dispute can be resolved, then customer perception should rebound quickly.

HARRY ROBERTSON

BRITISH high street banks approved the highest number of mortgages for house purchases in over two years in July, according to financial services body UK Finance, in a sign of life in a housing market which has struggled under the weight of Brexit.

There were 43,342 mortgages for house purchases approved by the main high street banks last month in seasonally-adjusted terms, up from 42,775 in June and over 10 per cent higher than a year earlier. In seasonally-adjusted terms, the total number of loans for house purchases, remortgaging and other secured lending combined was 74,761, in July, the highest figure since December 2016. “It is possible that mortgage activity is being lifted by some people looking to complete their house purchases before Brexit occurs on 31 October given the major uncertainties as to what will actually happen then,” said Howard Archer, chief economic adviser to the EY Item Club.

Andrew Montlake, managing director of the UK-wide mortgage broker Coreco, said: “July was the month when the odds of a no-deal Brexit got a lot shorter and this clearly incentivised people to act.”

In non-seasonally-adjusted terms, banks approved 95,126 mortgages for house purchases, remortgaging and other secured lending in July, the highest monthly total since July 2009.

“Mortgage lending for homes by high street banks reached £26.1bn in July, three per cent higher than the same month a year earlier.”

Archer said: “Improved earnings growth in tandem with current record high and rising employment may also be providing some help to housing market activity.”

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However, although British Airways’ perception has suffered more than Ryanair’s, it still comes first for customer contentment with a Satisfaction score (whether someone is satisfied or dissatisfied) of 29.8 over the past 12 months.

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There were 43,342 mortgages for house purchases approved by the main high street banks last month in seasonally-adjusted terms, up from 42,775 in June and over 10 per cent higher than a year earlier. In seasonally-adjusted terms, the total number of loans for house purchases, remortgaging and other secured lending combined was 74,761, in July, the highest figure since December 2016. “It is possible that mortgage activity is being lifted by some people looking to complete their house purchases before Brexit occurs on 31 October given the major uncertainties as to what will actually happen then,” said Howard Archer, chief economic adviser to the EY Item Club.

Andrew Montlake, managing director of the UK-wide mortgage broker Coreco, said: “July was the month when the odds of a no-deal Brexit got a lot shorter and this clearly incentivised people to act.”

In non-seasonally-adjusted terms, banks approved 95,126 mortgages for house purchases, remortgaging and other secured lending in July, the highest monthly total since July 2009.

“Mortgage lending for homes by high street banks reached £26.1bn in July, three per cent higher than the same month a year earlier.”

Archer said: “Improved earnings growth in tandem with current record high and rising employment may also be providing some help to housing market activity.”

However, although British Airways’ perception has suffered more than Ryanair’s, it still comes first for customer contentment with a Satisfaction score (whether someone is satisfied or dissatisfied) of 29.8 over the past 12 months.

YouGov data shows that public opinion of strike action is negative; half of Brits feel that it’s an ineffective way of achieving change compared with just 32 per cent who think it can work. So how has public perception of both airlines suffered? Since strike talks began in July, public perception of British Airways and Ryanair has dipped, with the former suffering slightly more. Buzz scores (a net measure of whether consumers have heard anything positive or negative about the brand in the last fortnight) were at plus 2.7 at the start of July and fell to minus 36.4 on 14 August – a massive 39.1 point drop. Scores have since recovered to minus 12.8, but are still declining as action continues.

Ryanair’s scores haven’t fared much better, falling steadily from minus 15.6 to minus 32.0 over the period (16.4 point drop).

Comparatively, Ryanair’s score is minus 9.

If this pay dispute can be resolved, then customer perception should rebound quickly.
UK to make 5G Huawei decision in the autumn

ALEX DANIEL

CULTURE secretary Nicky Morgan yesterday said that the government will decide whether to let Huawei’s equipment be used in its 5G networks this autumn.

Morgan noted that whatever decision it takes on the Chinese telecoms giant, the government will ensure it is for the long term.

“We will make the right decision for the UK. I would hope we could do something by the autumn,” Morgan told the BBC.

“We’ve got to make sure that this is going to be a decision for the long term, making sure that we keep all our networks secure.”

The question of whether to include Huawei in Britain’s plans for 5G mobile network infrastructure has ignited a fierce debate over national security.

Huawei is the world’s biggest supplier of telecoms equipment and is a frontrunner in the race to develop 5G networks.

Britain’s mobile operators are already pushing ahead with the 5G rollout, all of them using Huawei equipment in non-core areas, meaning a complete ban on the firm would force them to rip up their plans.

Morgan’s comments came after US President Donald Trump discussed the matter with Prime Minister Boris Johnson on the sidelines of the G7 summit in Biarritz, France, over the weekend.

“The president and Prime Minister also addressed global security issues of mutual concern, especially Iran’s threat to freedom of navigation in the Gulf, tensions in Hong Kong, 5G and Huawei, and instability in Libya and the Sahel region,” the White House said in a statement.

The Trump administration has put Huawei on the US trade blacklist.

ONE OF Carpetright’s largest shareholders has paid to take on £40.7m of its debt, sending shares up 9.3 per cent at the close. Meditor European Master Fund has underwritten a loan from Natwest and Uster Bank to retain its revolving credit facility.

Russian company sues Boeing over 737 Max breach of contract

ALEX DANIEL

BOEING is facing its first lawsuit from an aviation industry customer of its 737 Max, after a Russian firm that ordered 35 planes is said to have sued it for breach of contract.

Avia Capital Services, an aircraft leasing company that is a subsidiary of Russian firm Rostec, ordered 35 737 Max jets from Boeing before the model was grounded across the globe, following two crashes in which 346 people were killed.

It now wants the order cancelled, after revelations that it was a faulty part that caused both crashes.

Avia has claimed the crashes were down to "negligent actions and decisions of Boeing", according to the Financial Times. It said Boeing had designed a "defective" plane and was guilty of "withholding critical information" from US aviation regulator the Federal Aviation Administration.

Bunzl ‘resilient’ despite slowing of British sales

ALEX DANIEL

OUTSOURCEUR Bunzl’s half-year results were yesterday helped by the weakness of the pound as it boosted revenue and profit, despite UK sales lagging behind the rest of its business.

The FTSE 100 distribution giant reported a modest rise in pre-tax profit and nudged its dividend up two per cent. Shares closed down 0.3 per cent at 2,027p.

Bunzl supplies everything from rubber gloves and cleaning products, to hard hats and packaging, and operates a sizeable chunk of its business in the US.

Pre-tax profit was £201m for the first half of 2019, after reporting £197m this time last year. Revenue rose 4.7 per cent per cent to £4.5bn over the same period. Net debt increased by £16.3m to £1.4bn.

Bunzl lifted its dividend to 15.5p, but this was weak against an average dividend growth of nine per cent over the past five years.

Chief executive Frank van Zanten said: “Against the background of slowing macroeconomic and market conditions... Bunzl has produced a resilient operating performance.”

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Cabinet ‘knew for years’ HS2 is over budget

JOE CURTIS
@joe_r_curts
THE GOVERNMENT is said to have known for years that HS2, Britain’s controversial new high speed railway, was running over budget and behind schedule.

The Department for Transport (DfT) and HS2’s managers knew as early as 2016 about the project’s troubled outlook, according to documents seen by City A.M.

These papers date back to three years ago, before parliament approved the first stage of the project.

This suggests that MPs did not know the true extent of HS2’s spending projections and timeline when signing off the initial phase.

A DfT spokesperson said: “HS2 is Europe’s biggest construction project and like all major, complex projects, delivers plans evolve over time.”

HS2 is due to link London and the west midlands in a first phase delivered in 2026, before a second phase will connect Birmingham, Leeds and Manchester by 2033.

Last month, transport minister Nusrat Ghani told MPs in the Commons that HS2 would be delivered on budget and on time.

Former chancellor George Osborne discovered in May 2016 that phase one of HS2 was already £1bn over its £24bn budget, the BBC said.

A DFT briefing document in December 2016 admitted that even if HS2 cut costs elsewhere, “a significant gap to target price will remain”.

It would have to open a year later than planned, it added.

Prime Minister Boris Johnson last week launched a review into the scheme amid fears over its costs and deliverability.

Costs have swollen from an initial £55.7bn to £65bn, while Johnson has admitted the final price of building HS2 could exceed £100bn.

A full review of HS2 is due to deliver a decision by the end of the year.

South Western rail travellers are facing four days of strike action

ALEXANDRA ROGERS
@city_ameggers
SOUTH Western Railway (SWR) is to be hit by four days of strike action, starting this Friday, as part of an ongoing row over guard safety.

RMT members are to strike from a minute past midnight on Friday 30 August to the same time on Monday 2 September.

The RMT said SWR “continues to drag its heels” and “trying to mug off staff” with a policy which the union says would see the role of the guard “butchered completely”.

SWR said: “It’s extremely disappointing that despite having a date in the diary for what we hoped would be constructive talks… the RMT union has somewhat cynically decided to call further disruptive strike action, inflicting misery on our customers and colleagues.”

There has been a notable fall in investors deciding to filter out market ‘noise’

ALEXANDRA ROGERS
@city_ameggers
BRITISH Airways (BA) was yesterday rebuked by the UK’s aviation regulator for telling customers they will be unable to fly on strike days next month.

BA pilots who are members of the British Airline Pilots’ Association (Balpa) are set to strike on 9, 10 and 27 September in a row over pay and working conditions.

The airline told customers: “We have been working with the pilots’ union, Balpa, to reach an agreement on pay... We are now making changes to our schedule. If you have a flight booked with us on those dates, it is likely that you will not be able to travel due to Balpa’s strike action.”

The Civil Aviation Authority said BA has not provided customers willing to ride out volatility in the short term.

Investors need to have clear goals and a diversified portfolio and it’s important to take a long term view.

Rebecca O’Keeffe, Head of Investment, interactive investor, says: “Investing in non-UK assets has been a very rewarding strategy since the EU referendum, with investors benefiting from the weakness in sterling and higher returns in global markets.

Should the UK crash out of the EU without a deal, sterling may fall further from its current low level, so it is no surprise that almost a quarter of investors polled said they are holding less in UK assets.”
Hopes of avoiding a no-deal Brexit boosts mid-caps

ROMESIS from Britain’s oppo-

tion parties to avoid a no-
deal Brexit led to gains for the
domestically focused mid-cap
index as well as blue-chip holiday
companies and airlines, although
a rise in the pound weighed
on the exporters-heavy FTSE 100.

The blue-chip index, which earns
more than two-thirds of its profits
abroad, gave up 0.1 per cent to close at
7,089.58 points.

The FTSE 250 added 0.5 per cent to
19,335.88, tracking gains in sterling as
some MPs vowed to try to pass a law to
prevent a no-deal Brexit.

Travel and related firms, including
Tui and British Airways owner IAG also
rose. Capita gained 11 per cent as its
biggest shareholder, Meditor Capital
Management, is set to buy the
retailer’s £40.7m line of credit from its
former parent.

Serviced offices provider IWG scaled
a life-time high with a four per cent
rise, after Sky News reported over the
weekend that the company was
planning a £38m listing of its US arm
in New York.

The FTSE 100 index as well as blue-chip
stocks as a deepening of the
trade war uncertainty between the US and
China took a toll.

The Dow Jones fell 124.66 points, or
0.48 per cent, to 25,774.17, the S&P 500 lost
9.53 points, or 0.33 per cent, to 2,868.45, and Nasdaq dropped 26.79 points, or 0.36 per cent, to 7,826.95.

Stocks initially advanced, building
on Monday’s bounce, as US President
Donald Trump forecast another round of
talks with Beijing, China’s foreign
ministry, however, reiterated
yesterday that it had not received any
recent telephone call on trade.

A deeper probe of the inversion in the
yield curve between the two-year and
10-year US Treasuries underscored fears
about a weakening global economy.

“It is going to be pretty confusing
and unfortunately, without some kind
of a major backpedaling on trade, to
take maybe slowing things down and push
things out, the economy is going to suffer,”

Consumer group warns shoppers
being ripped off by special offers

Shoppers are at risk of being ripped
off, a consumer watchdog has
warned, after an investigation
covered misleading discounts and
special offers at major UK
supermarkets.

The report, published today by
Which, revealed that some
techniques are likely to attract global investment and meet
uncertainty over Brexit terms and the
defence industry.

Germany was placed seventh.

The analysis also took into account
geopolitical risks such as Brexit, but
the UK was still judged a major player
down to its “robust aerospace and
defence industries.”

Global law firm Baker McKenzie has hired banking
litigation partner Marc Florent to join its dispute
resolution practice in London. Marc was previously at
Allen & Overy. His hire plays a key role in further enhan-
cing the firm’s financial services contentious offering and
is in line with its wider growth strategy. With 29 years’
experience, Marc is a notable practitioner regarded for
his banking and finance litigation practice, which spans
the wholesale and retail banking sector, asset man-
tagement, funds and sponsors on a cross-border basis. In
addition, Marc is known as a leading individual in both
the UK Legal 500 and Chambers.

A CMA spokesperson said: “It is
ALEX DANIEL
@alexmdaniel
BRITAIN is the fourth most attractive
country to invest in for the aerospace
and defence industries, according to
research.

Despite warnings from major indus-
try players that Brexit uncertainty will
likely impact investment, the CMA said
the UK has been named the best European
country to invest in ahead of Ger-
many, according to PwC research.

Countries were ranked on a range
of factors including cost, economy, infra-
structure and tax policy. Ahead were
the US, Canada and Singapore, while
Germany was placed seventh.

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“Business analysis shows that the UK
continues to be a strong competitor
when it comes to investment.”

Britain still attractive for
aerospace investment

JESS CLARK
@jclarkjourno
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Consumer group warned shoppers
being ripped off by special offers

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Let’s call time on poisonous workspaces

Toxic habits in the workplace are making us stressed out, but there are ways to fix them

WHEN we feel in control, we can grow, develop, and become better people. Surely this state of mind is crucial for an effective working environment? An increasing focus on workplace wellbeing suggests that there is a shift in the right direction, but can stress and anxiety really be solved with table tennis and free pizza?

The pace and intensity of many workplaces is spiralling out of control. It’s a sad state of affairs when a reported 595,000 of us are suffering from workplace stress in the UK – and this doesn’t even include the number of people who are too concerned of the repercussions to report it.

In response, many firms are trying to fix the issue through wellbeing initiatives such as free food or gym memberships – but these don’t address the root causes of workplace stress. Again and again, I meet people who are at the end of their tether. Clearly, there needs to be change. But before we can solve the problem, we need to understand the toxins that can become endemic in an office.

BLAME

This is when people or groups of people go on the attack and try to dominate. They single out those that they want to subjugate and change the way an organisation thinks about them.

STONEWALLING

This happens when one person, group or department decides that they no longer want anything to do with another. People will keep information away from those who need it, and may constantly cancel meetings.

DEFENSIVENESS

People sometimes don’t listen and jump to an aggressive defence of a position, without considering why they are doing so or what impact it can have.

FLOODING

This is when one group or person systematically overwhelms others to meet a goal – for example, adding workload pressure while also delivering news that can seriously destabilise someone.

CONTEMPT

This is the worst toxin of all. It’s almost impossible to come back from a position where people or teams believe that their counterparts are worthless or beneath consideration. It may be hard to believe that businesses really can be like this, but it does happen. So how can an office overcome all these challenges?

It starts with setting the right values. When enforced at a senior level, this can help define the ground rules for the way people work. In their absence, you’ll quickly find that tribes form with their own poisonous ethics.

This happens because different departments have clear goals and aims, which inform how they think: for instance, sales will be target-driven, while marketing will be creative. Without a common set of values, they may see others as “the enemy”.

Once values are in place, it’s vital that you start breaking down any embedded prejudices. This can be achieved by simply building empathy. A good place to start is looking for where tensions lie, and then getting the respective groups into a room. Once there, each side can describe how they feel. You then ask each side to step into the other’s shoes and seriously try to consider how they may feel in that situation. This can calm situations quite quickly.

This will also allow leaders to become more aware of what’s going on around them and in their teams on a truly human level. When we get to this level of humanity, people thrive – and so do businesses.

With that in mind, creating a more welcoming workplace atmosphere isn’t just “nice to have” – it is essential.
Supply and demand at work, or just good bargaining? The reality behind CEO pay

F REPORTS are to be believed, the recent G7 summit was a tense affair, mainly thanks to Donald Trump. From being the “head of government” to miss a meeting on climate change, to pitching his own Miami hotel, to sort for the next G7 summit, the US President kept the other world leaders constantly on their toes.

But one major flashpoint appears to have been all but forgotten now that the summit is over: Trump’s insistence that Russia should be readmitted to the club, from which it entered the G8 back in 1998, and which currently includes Germany, the US and the UK, with Canada joining a year later.

You could have just about have described Russia as a democracy when it entered the G8 back in 1998 under Boris Yeltsin. But now, under Vladimir Putin’s ascent to the presidency, it has become a much more autocratic country.

A number of analysts agree that many of the executive figures under Putin have been stuffed into the House of Lords, which allows costs to rise and be passed on to the passenger – and over the Department for Transport’s attention needed to deliver an affordable and world-class expansion plan for passengers, and to ensure that alternative proposals forcos like John Ashmore are acting editor of CapX.

Re-admit Russia to the G7? It should be expelled outright

Report published by De- loitte a couple of weeks ago will have enhanced the feeling of holiday well-being for many people. The median annual pay for bosses of FTSE 100 companies fell in 2018 to £3.4m, compared to £4m in 2017.

At the very least, given the years leading up to the 2008 financial crisis, and the way that those in Putin’s inner circle are able to pass on jobs and favours to their children.

For a while, with the economy bounced by high hydrocarbon prices, Putin could get away with it. Ordinary Russians saw their living standards substantially in the years leading up to the 2008 financial crisis, and he was credited with bringing not only prosperity but stability after what most saw as the chaos of the Yeltsin era.

Since then, however, the economy has been stagnant, with many of the brightest young Russians opting to leave the country.

While it is incidents like the Salisbury poisoning and the accusation of interference in the US election that make the headlines, we should not forget that the biggest victims of Putin’s rule are arguably the Russian people themselves, many of whom put up with a level of poverty that is almost incomprehensible in a country of such vast natural wealth.

A standard Kremlin response to complaints is to accuse critics of “Russophobia” (even when they are themselves Russian). But contempt for the government is not the same thing as contempt for the country or its people – indeed, many of Putin’s most vocal critics love the nation deeply.

There is also the small matter of the countries on Russia’s periphery, not just Ukraine but also Georgia and the Baltic States, which have been part of a larger narrative deeply.

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Paul Ormerod

A hundred years ago, for example, the only people who could have any direct experience of Manchester United playing football live were those present in the stadium during the game. Now, the team can be watched by literally billions around the world, using a variety of delivery channels, and the players reap huge amounts as a result.

Howevet, it is not at all apparent that the same argument applies to corporate executives. The huge growth in business studies, for example, has presumably led to a substantial increase in the supply of people capable of filling top executive roles.

The fact is that, in many situations, there is an inherent indeterminacy around a price – or a pay package – when it is being set. The Oxford economist Francis Edgeworth argued over a century ago that “in pure economics there is only one theorem, but that it is very difficult one: the theory of bargaining”.

Corporate executives have certainly exhibited great bargaining skills in recent decades. But it seems that, at last, their bluff is being called.

Paul Ormerod is an economist at Volterra Partners LLP, a visiting professor at the UCL Centre for Decision Making Uncertainty, and author of Against the Grain: Insights of an Economic Contrarian, published by the IEA.

President Vladimir Putin is perhaps the world’s most accomplished thief

John Ashmore

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WE WANT TO HEAR YOUR VIEWS

to: theforum@cityam.com COMMENT AT: cityam.com/forum

WE WANT TO HEAR YOUR VIEWS

**HS2 is spiralling out of control, here’s what we could do instead**

Until recently, Crossrail was cited as an example of that miraculous phenomenon: a government infrastructure project running on time and on budget. We now know that Crossrail has run off track: it is £3bn over its 2010 budget, and will open more than two years late. The much-maligned HS2 project came with none of Crossrail’s optimism. It hasn’t even been fully signed off yet, but we know that there are grave concerns that the costs are already spiralling out of control – so much so that last week the government announced a welcome (if belated) review into the project. This effort to shine a light on the true costs of HS2 speaks to a familiar story in which public sector capital projects run wildly over budget and are delivered late. On Monday, the TaxPayers’ Alliance (TPA) took a look at 10 infrastructure projects – including Crossrail – and found the total cost overrun to be £17bn, with total delays of nearly 32 years. We’re not just talking about transport projects, either. We all remember public sector boogeymen like the NHS Supercomputer, which had cost taxpayers £10bn before the plug was finally pulled. A cursory glance through the reports archive of the National Audit Office and the Public Accounts Committee reveals reams of documents consistently critical of public sector project management. Given the colossal waste of taxpayers’ money, it might be easy to argue to cut back on capital spending until we can get it right. As with HS2, the argument is often to simply scrap the project and save the cash. But unless that saving is used for a big tax cut (which is hardly ever is), that’s not the answer, especially at a time when we need better, more innovative infrastructure more than ever, to take the opportunities presented by Brexit while warding off the challenges. Instead, the solution is to curb politicians’ unwelcome desire to go for big, shiny projects over smaller ones that deliver better value for money. Earlier this year, the TPA ran our Great British Transport Competition, which aimed to uncover such initiatives that might give taxpayers more bang for their buck. The final report looked at 28 such projects, which cumulatively came in at £45bn – far less than the current estimates for HS2 alone. For example, the Skipton to Colne railway line could be brought back to life to boost local employment opportunities, economic growth, and urban regeneration. By improving local rail links, new commuter towns could be built to ease the housing crisis and reduce car journey times. Both the Midland and Chiltern main lines could be electrified for £6bn, resulting in shorter journeys and better air quality. And as well as the railways, we can’t forget road infrastructure. The Lower Thames Crossing will relieve congestion on the M25 and ageing Dartford Crossings. For £1.2bn, Britain’s longest road, the A1, could be upgraded to dual carriageway from Durham to Edinburgh. In one fell swoop, congestion would be eased and safety greatly improved. We can also, of course, do far more to encourage the private sector to get involved with infrastructure projects too. Extracting shale gas springs to mind, where stringent regulations have threatened to scupper the entire venture. Research into areas like autonomous vehicles could also be helped along by relaxing regulation, and we could finally get on with expanding Heathrow. Britain needs to update much of its creaking infrastructure, and that means spending money. It will make us competitive and help address flagging productivity across the country. But if the public sector is going to spend our funds, it must drastically improve on project management so that taxpayers get value for their money. So fewer glitzy vanity projects like HS2, please, and more focus on initiatives that might actually work, run by people who know what they’re doing.

**John O’Connell is chief executive of the TaxPayers’ Alliance.**

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**DEBATE**

**Could ‘women-only’ spaces be the answer to preventing sexism in the workplace?**

In our experience, “women-only” spaces work. A key cause of sexism is an unfounded lack of respect for the opposite sex. But when you have a women-only workplace, it results in fundamental respect for colleagues, which is a prerequisite when you are trying to create a high-performing, cohesive team who enjoy their jobs. Unintentionally, we have created an all-female team in our workplace, and we could not be happier. There is a kind of mutual understanding and support that makes it easier for us to do big things even as a small team. Having a women-only team can lead to some obvious perks if you’re lucky – from office spa getaways to yoga studio vouchers. But this is about more than that. One of our company values is empathy, and women tend to be good at putting themselves in somebody else’s shoes. Business is all about building and navigating relationships, so allowing women a space to do this with confidence can be invaluable.

---

**YES**

**KSENIA TCHACHEVA**

Superfood Bakery. 

be heavily geared towards men and contribute to a sexist environment. And instead of women-only spaces, we should celebrate female leaders, and ensure that they have a prominent role in workplace decisions. In short, just make sure that yours is not one of the many spaces that are designed for men, by men.

---

**NO**

**NAZIA SIDDIQ**

The HR Director of BE Offices. 

Sexism and inequality are big issues for offices, and a raft of women-only working spaces have launched. But look at the data: our poll of 2,000 female workers found that only eight per cent thought that these spaces were the answer to tackling sexism. Some women undeniably feel safer and more empowered working in a female environment, but we believe that diversity drives success and that workspaces should – in addition to the obvious things such as stamping out sexism – focus on other areas. For example, 43 per cent of our poll respondents said that better flexible working options were most likely to improve equality. Culture also matters, like considering office perks that might be given more thought to.

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**John O’Connell**

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Katherine Denham warns that Hargreaves’ fund overlap could be a cause for concern

Given that diversification is one of the most important principles of investing, we should question why the UK’s largest investment platform, Hargreaves Lansdown, doesn’t seem to be following this basic idea.

This became apparent in the wake of the scandal around Britain’s most famous fund manager, as £1.6bn was funnelled into Neil Woodford’s still-suspended fund via the Hargreaves platform — not only because it recommended the investment on its best buy list (known as the Wealth 50), but also because six of its 10 multi-manager (MM) funds are exposed to it.

Around 291,000 Hargreaves customers are invested in the poorly performing Equity Income fund, and are now locked in until December at the earliest, with no option but to pay the fees that Woodford charged for this to happen, dropping a big impact.

Consider, in a worst-case scenario, dropping a fund from its Wealth 50, it’s likely to have a big impact. Consider that, collectively, Hargreaves clients accounted for £1.6bn of the £3.1bn Woodford Equity Income fund. In a worst-case scenario, dropping a fund from the list could lead to a mass exodus of money, potentially leaving the manager with no option but to sell assets at discounted prices to meet redemption requests.

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Second, Hargreaves is the biggest investment platform in the UK. The sheer volume of money invested via the platform means that whenever the company adds or removes funds from its Wealth 50, it’s likely to have a big impact. Consider that, collectively, Hargreaves clients accounted for £1.6bn of the £3.1bn Woodford Equity Income fund. In a worst-case scenario, dropping a fund from the list could lead to a mass exodus of money, potentially leaving the manager with no option but to sell assets at discounted prices to meet redemption requests.

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There are a number of reasons why this should be a cause for concern.

First, the risk is that a lot of client money could be exposed to the same fund managers. If any of these funds run into problems (as we saw with Woodford), that’s potentially hundreds of millions of pounds of client money that end up suffering the same fate.

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But the final concern is that, because six of its 10 multi-manager (MM) funds are exposed to it.

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This is especially the case for Hargreaves Lansdown in its position of market leader,” he warns. “I would expect it will be looking to strengthen the internal governance across its fund selection process as the lessons from the Woodford case are learnt.

Much of Woodford’s popularity was due to Hargreaves heavily promoting his funds and when the Wealth 50 buy list had worked well (partly as a marketing tool for fund managers), it has been a victim of its own success, largely because the scale of the company increases the risk.

Non-advised platforms like Hargreaves don’t restrict investors’ individual exposure to one fund. However, unlike Hargreaves, some platforms — like AJ Bell — will also monitor their best buy lists to ensure that, collectively, their clients are not overly exposed to any single fund.

From a general investment platform perspective, Ryan Hughes, head of active portfolios at AJ Bell, also said that it’s “almost inevitable” that there will be a crossover between the MM funds and best buy list. But Hughes admits that the downside to this is that it could increase the concentration risk.

“It’s therefore important to monitor how much exposure you have to a fund at an overall firm level to understand if you are overly exposed to a manager or strategy, particularly if something goes wrong on that manager leaves, creating a significant outflow.”

The investment expert also points to the shrinking of buy lists across the industry in recent years, which has directed assets to fewer funds than we have seen historically.
**WEEKLY GRILL**

London Steak House Co.’s James Robertson on throwing crockery, cooking steak and annoying Sir David Frost

### WHO ARE YOU AND WHAT DO YOU DO?
I’m James Robertson, father of two, waiter, restaurateur, serial entrepreneur, Posh Sauce manufacturer and lover of a good time. I own two restaurants in London (Chelsea and the City), import wine and sangria from Portugal, have a company called ResBlos that integrates booking solutions for restaurants, am writing a book about my time in hospitality, and I constantly have new ideas that I need my wife to restrain me from doing.

### TELL US ABOUT YOUR LONDON STEAKHOUSE CO.
We have two amazing restaurants in London, the first I bought in 2003 when I was 27, the second in 2008. My great friend and mentor Marco Pierre White and I came up with an original steakhouse concept that blended the finest British grass-fed dry-aged meat with an upmarket dining room and impeccable service.

### TELL US ABOUT THE BEST MEAL YOU EVER HAD
Birch, Los Angeles 2015, with my wife Rachael. An amazing meal cooked by Brendan Collins who I used to work with when I was GM at Quo Vadis. It was a masterpiece that displayed incredible awareness of fresh produce but also classic cooking techniques. I drank so much I almost fell off the balcony of our Four Seasons’ hotel room when I got back. He didn’t even let me pay...

### WHAT FOOD MAKES YOU HAPPY AND WHY?
Simple quality ingredients, well prepared and perfectly cooked. I don’t want to be challenged by a ‘creation’ on my plate, it’s too much effort to look at and eat. Generally, I dine with friends or family and the food is an accompaniment to the gathering not the main event.

### YOU COME HOME DRUNK AND HUNGRY – WHAT DO YOU COOK?
I normally come home drunk but if I do it’s two fried eggs on granary buttered toast with our Posh Brown sauce.

### WHAT’S YOUR EARLIEST FOOD MEMORY?
Probably the total excitement of getting chips from the local chippy. We were never allowed chips at home so these would be rare and precious occasions. So hot and salty – yum.

### WHAT’S THE STRANGEST ENCOUNTER YOU’VE HAD IN YOUR RESTAURANTS?
I’m writing a book about that! When I was at Drones on Pont St some time around 2002, Sir David Frost complained we weren’t paying his table enough attention because there were more famous people on other tables. To be fair I had Johnny Depp and Christopher Lee on one table, Sean Connery on another, Dale Winton on one, and Marco with some of his friends on a fourth, so he was partly correct – but we were paying them all equal attention, of course.

### WHAT’S YOUR IDEAL DISH?
Rump steak with truffled mash and a green salad.

### WHAT’S THE WORST THING YOU’VE EVER PUT IN YOUR MOUTH?
A very, very odd amuse bouche from the Sheraton Hotel in Cascais. It was like a phlegmy pustule of disease which had been injected into a hideous pre-formed gel eyeball. Not sure why I ate it; it looked terrible.

### WHAT’S THE BEST THING ABOUT THE LONDON FOOD SCENE?
Excellent service, staggering choice and, actually, very good value for money if you choose wisely.

### YOU’RE MAYOR FOR A DAY – WHAT FOOD LAW WOULD YOU INTRODUCE?
Everyone must have at least an hour off for lunch and go to a restaurant for a proper meal.

### WHAT FOOD LAW WOULD YOU INTRODUCE?
Taking in and using fresh produce at peak, within their season. A new ingredient, how long can I keep it for? Not too confusing.

### WHAT FOOD MAKES YOU HAPPY AND WHY?
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**WINES OF THE WEEK**

Toru Takamatsu, sommelier at Hide, picks two bottles for the weekend

1. **DOMAINE D’AUVENAY CHEVALIER MONTRACHET 2009, BURGUNDY**
   - Domaine D’Auvenay is owned by Lalou Bize-Leroy and is considered to be one of the greatest Burgundy producers. Each wine is made in very small quantities, making them highly sought after and difficult to source. Wines from D’Auvenay will hit your pocket hard but if you have the money, you’ll be buying a bottle that’s a truly life changing experience.
   - £8,800, hedonism.co.uk
   - To book a table at Hide go to hide.co.uk or call 020 3146 8666

2. **GRACE KOSHU HISHIYAMA VINEYARD 2016, YAMANASHI, JAPAN**
   - One of the leading wineries in Japan is Grace wine from Yamanashi. Its winemaker Ayana Misawa has been producing some amazing wines over the last few years, and they are starting to gain recognition in countries outside Japan. Koshu is one of Japan’s most iconic grape varieties; the flavour is citrus driven with a pleasing minerality, and it is often likened to Chablis.
   - £30.10, hedonism.co.uk

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THIS WEEK’S RECIPE:

**Our resident mycologist rummages in the shrubbery for some perfect puffballs**

Puffballs are a strange phenomenon. These funny little mushrooms turn up at the most unexpected times, anywhere from July to October, depending on the weather. But when you stumble upon them, they are inspirational fungi to cook with. You can simply dice them and use them in a mushroom mix, or slice them to use them for a base for other ingredients. They’re especially good at breakfast, replacing a piece of toast. If you’re lucky enough to find one, just make sure it’s pure white with no yellow patches and very firm – once they start to turn yellow they’re no good. If the puffball is large you may need to halve it before slicing.

**INGREDIENTS**
- 4 slices of puffball, cut to 2cm thick slices
- 2 large shallots, peeled, halved and finely chopped
- 2 cloves of garlic, peeled and crushed
- salt and freshly ground black pepper
- 400-500g seasonal wild mushrooms, cleaned and cut into even sized pieces
- 3 tbls rapeseed oil
- 120g butter
- 2 tbls chopped parsley

**METHOD**
- Heat a couple of tablespoons of rapeseed oil in a large frying pan and cook the puffball slices for 3–4 minutes on each side until nicely coloured, seasoning them during cooking and adding a little more oil if the pan dries up. Add a knob of butter towards the end of cooking and keep warm.
- Meanwhile, heat a little rapeseed oil in the same frying pan and a good knob of the butter and gently cook the shallots and garlic for a couple of minutes without colouring. Add the wild mushrooms, season and cook on a medium heat for 4–5 minutes until they soften, then add the rest of the butter and parsley.
- To serve, just spoon the mushrooms onto the puffball.
The designer of Spurs' stadium tells Felix Keith about the method behind the project.

The Third of April 2019 was a big day for Christopher Lee. After months of delays, speculation and criticism the Tottenham Hotspur Stadium officially opened its doors, with Spurs facing Crystal Palace in the Premier League. For the stadium's project director it was the culmination of eight years of hard work – a chance for fans to finally get to enjoy what he believes is "the perfect contemporary English football stadium." The delays were quickly forgotten as the Tottenham faithful soaked up all the eye-catching architecture, buzzing atmosphere and state-of-the-art additions £1bn can buy.

"Building any of these kinds of mega projects is incredibly complex – move them into a central London location and they become even more complex," Lee, managing director of Europe, the Middle East and Africa for architecture firm Populous, tells City A.M.

"It [the delay] was probably more frustrating than nerve-wracking. We knew the doors opened everyone would realise what a huge undertaking that Tottenham chairman Daniel Levy, his team and the design team had taken.

"We wanted to make it absolutely perfect and Daniel is the kind of client who expects perfection. He’s an incredibly focused guy, not just on the big picture but the detail as well."

CREATING AN ATMOSPHERE

That detail has seen Levy commission a stadium fitted with all the mod cons imaginable. Tottenham’s website boasts an “unrivalled standard of finish” featuring “brushed steel, copper, European oak and quartz”, while there are a whopping 60 food and drink outlets. All of that is important, but for Lee there was one thing that he and his team simply had to get right when designing the 62,062 seater ground: atmosphere.

“I think there’s something which has been lost in a lot of contemporary stadia, this idea that it’s real, genuine and authentic football stadium,” he explains.

"Some of that was looking at the great stadia: the Spion Kops, as they were originally known; the North Bank at Arsenal, The Kop at Liverpool, even as far as the Yellow Wall at Borussia Dortmund. To get these fantastic home end stands that are single-tiered and close.

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Atmosphere is incredibly important in football stadia and I think that’s to do with a lot of mixers – science and the art of noise.

“We approached Tottenham the same way we would a music arena or concert hall. We brought in our acousticians, who are actually U2’s sound engineers, and designed the seating bowl like we would a concert hall.

"We wanted noise, quick reverberation times, songs to last longer – to get one end and back again without people getting out of time. Noise building noise was a big driver. And then obviously getting as many people as close to the pitch as possible – getting as steep stands as we could within code, but without tip- ping over an edge where people feel uncomfortable. You can create this sort of cauldron of atmosphere."

Anyone who has visited the stadium can attest to the results, with the 17,500 fans packed into the South Stand – the largest single-tier stand in the country – leading the way.

BUILDINGS AS EXPERIENCES

Lee, who started out on the Sydney Olympic Stadium in his native Australia and has worked on Cardiff’s Principality Stadium, Arsenal’s Emirates Stadium and Dublin’s Aviva Stadium among others, is well placed to reflect on the changing nature of football grounds.

He believes the shift to viewing stadia as architectural feats, rather than in engineering terms, and increasing the focus on the user experience over functionality has played a big part in improving the finished products. The Tottenham Hotspur Stadium, as it will be known until a naming rights deal can be made, is the culmination of Lee’s 25 years in the industry.

"If you look back 20 plus years ago stadia were generally commissioned by the stadium manager,” he says.

"As a result the stadia were very much about function: how do I make this building work perfectly? Functionality, crowd flows, all of the stuff that is driven by a stadium manager. Really that should be a given."

Lee says right from discussing the plans with Levy he viewed Tottenham as an “experiential design”.

"I think the big shift is that probably for too long our stadiums have treated our customers as a captive audience, “he explains.

"We would tell them to come in a certain gate, drink a certain beer and eat a certain burger, watch the game then do it in reverse. It’s not how we live our daily lives and we would react if someone told us that’s what we had to do every lunchtime or dinner on the high street.

THE FUTURE

When you spend £1bn on a stadium you want value for money and Tottenham’s ability to slide out their pitch for an artificial replacement allows them to host NFL matches, with a 10-year deal signed to host a minimum of two games per year.

It’s an added bonus better technology brings, making commercial and environmental sense.

“The ability to genuinely multiuse these buildings is really key move for our clients as businesses to get the maximum use out of their building,” Lee says.

“But also from an environmental and sustainable position. If we’re going to invest this much carbon into a building, how do we get the maximum use out of it?”

Tottenham aren’t the first club to cotton onto the opportunities provided by multi-use stadia, but they are in a perfect position to cash in thanks to their new home. Having delivered in N17, Lee and Populous have moved onto new projects, with a bid to build the new San Siro replacement for AC and Inter Milan a particularly exciting prospect. If successful, what could that ground include?

“We’re doing a lot of work into the incorporation of artificial intelligence into the management of our buildings,” Lee explains. “We’d have an ecosystem within a stadium, which comes from several miles away and incorporates tubes and buses, car parking, roads into the stadium themselves.

“That system currently is managed by experienced stadium managers, but a lot of it could be and will be, we think, managed by artificial intelligence, which has the ability to open, close, switch and change directional signage to keep queue times down.

Stadiums are big business and designers like Lee will stop at nothing to perfect the art.
DOWN AND OUT Elliott suffers five-set defeat at the US Open

T}HE domestic transfer window may have shut on 8 Aug ust, but 20 days later Tottenham are still feeling the negative effects it can bring.

The European window remains open until the end of the month and I think it is causing Spurs a real issue. It’s hovering over some of the players and is causing a distraction – you can see it in the body language on the pitch.

We are now three games into the Premier League season but it’s almost like the race hasn’t started for some. The prospect of a move abroad is looming, and potentially unsettling the players.

The prospect of a move abroad is looming, and potentially unsettling the players.

Kyle Edmund was knocked out of the US Open in the first round after suffering a five-set defeat by Spain’s Pablo Andujar last night. Edmund ran out of steam in the deciding final set to lose 6-3, 6-4 against the 20-130 world No 30 in the world -40 places ahead of Andujar, who had lost 10 games in a row against top-50 players on hard courts. Edmund extended his run of failing to get beyond the third round in Grand Slam events since reaching the semi-finals of the Australian Open last year.

BURY EXPELLED FROM EFL AS BOLTON GIVEN LIFELINE

Bury were expelled from the Football League last night after a takeover bid fell through. The Shakers’ 125-year membership of the EFL was ended when a bid from C&J Sporting Risk collapsed, leaving the financially-stricken club unable to meet a 4pm deadline. The League One side are the first team to drop out of the EFL since Maidstone, who were expelled in 1992. Meanwhile, Bolton Wanderers have been given two weeks to resolve their administration and conclude a sale of the club or face the same fate.

PALLESHOCKED BY COLCHESTER IN EFL CUP

Crystal Palace were knocked out of the EFL Cup by Colchester United on penalties after a 0-0 draw last night. Andros Townsend was the only player to miss a spot-kick as the League Two side prevailed 5-4 in the shoot-out following the stalemate at Selhurst Park. Millwall were dumped out by Oxford United, who came from 2-0 down to draw 2-2 with two late goals and win 4-2 on penalties. West Ham beat Newport County 3-0 thanks to goals from Jack Wilshere and Pablo Fornals, but Fulham lost 1-0 to Premier League Southampton.

MURRAY BEATS GOMBOSS AND MAKES IT TWO SINGLES WINS

Andy Murray made it two wins in the singles since hip surgery last night by beating Slovakian’s Norbert Gombos in straight sets. Murray, who is ranked No155 in the world, at the Rio de Janeiro Open on the Challenger Tour. It was an encouraging performance from the former British No1, who hit some trademark shots to triumph in one hour and 43 minutes.

NERVOUS OSAKA BATTLES THROUGH AT US OPEN

Defending champion Naomi Osaka admitted to nerves after battling past Anna Blinkova in the first round of the US Open yesterday. The Japanese world No 1 made 50 unforced errors and came from 4-1 down in the first set to win 6-4, 6-7, 6-2 against the 20-year-old.

Apart from Eriksen, where is the creativity going to come from?

Newcastle have showed just how quickly things can turn around. In this context I think Sunday’s north London derby should be viewed as a glorious opportunity to bounce back for Spurs. Arsenal were humbled in a 3-1 defeat by Liverpool on the weekend, so they are seeking something similar; both underachieved and now they can try to put it right at the Emirates. Whatever way the game goes, it’s sure to be a fascinating contest.

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Trevor Steven is a former England footballer who has played in two World Cups and two European Championships. Follow him @TrevorSteven63

SPURT SPURS NEED PARK.Edmund suffers five-set defeat at the US Open

BLUNT SPURS NEED PARK

Spurs lacked penetration and guile. They looked predictable. Harry Kane isn’t going to score many goals if he’s forced to play with his back to goal - he needs width and quick service to thrive and that’s why I feel the full-backs are a problem area for Pochettino.

Tottenham haven’t had many significant departures so far this summer, but Kieran Trippier’s transfer to Atletico Madrid has changed their attacking play.

Kyle Walker-Peters has started the first three league games at right-back, with Danny Rose at left-back. Rose is a good player, but I feel he’s declined slightly in the last two years: he’s not as athletic or hungry and that is contributing to making Spurs too narrow.

Apart from Eriksen, where is the creativity going to come from? I think they are still missing Mousa Dembele, who left for China in January. Dele Alli is injured, Erik Lamela is inconsistent and you can’t expect £55m summer arrival Tanguy Ndombele to have an immediate impact.

FOOTBALL COMMENT

Trevor Steven

DRESSING ROOM MORALE

I don’t blame Pochettino. He admitted after the Newcastle defeat that he’s still waiting to see what happens with Eriksen and that is not an ideal situation to manage.

Pochettino needs him on the pitch at his best. He can’t be allowed to try and force through a move, because he’s so important and his departure would damage dressing room morale even more. Players can get their heads turned. Management can become clouded by off-field circumstances, run-ins and social media.

Spurs have only recently moved into a new stadium and played in a Champions League final. It’s been three games. It could prove a Furthermore, blip. They need to try and focus, regroup and hit back with a win before the distraction of the transfer window disappears.

Tottenham had 80 per cent possession, but two shots on target against Newcastle...
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