A BLOCKBUSTER plan to merge the London Stock Exchange (LSE) with its Hong Kong counterpart faces an uphill battle after being met with scepticism from politicians and investors alike last night.

Hong Kong Exchanges and Clearing (HKEX) shocked the City yesterday morning after revealing a surprise £32bn bid to buy LSE, threatening to torpedo the UK group’s own takeover plans to snap up US data provider Refinitiv.

LSE’s share price soared to a record high immediately after the proposals were announced, but soon shed most of its gains as shareholders digested the move which HKEX said would “bring together the largest and most significant financial centres in Asia and Europe”.

Amid widespread anti-government protests in Hong Kong and civil rights violations in China, several leading politicians expressed concern over the deal and the perceived closeness of HKEX to the Beijing administration.

Tom Tugendhat, chair of the influential foreign affairs committee, told City A.M.: “Our markets are based on the rule of law. China’s actions in Hong Kong in recent years raise concerns over the city’s autonomy, and the connection to a vital national asset like the London Stock Exchange isn’t wise.”

A top 10 LSE shareholder said: “The share price reaction one hour after the approach says the market does not believe it will be successful,” adding that pressure will now build on US rivals such as ICE (Intercontinental Exchange) to throw their hat in the ring for a bid too.

One City figure involved in LSE’s failed merger talks with Deutsche Boerse in 2017 said: “HKEX has wanted to buy LSE for years and clearly the Refinitiv deal has made them feel forced to move now... but now is not a great time for them. ICE and CME will be watching this very, very closely indeed. The Americans will not be comfortable with the prospect of the LSE being owned by HKEX, especially when the majority of LSE customers are big US investment banks.”

CONTINUES ON P2
It’s tempting, but the devil’s in the details

The Stockholm Stock Exchange, the Toronto Exchange, Germany’s Deutsche Boerse, Australia’s Macquarie and the American giants Nasdaq and ICE have all danced the dance with the London Stock Exchange at one time or another. Deutsche Boerse has been the most persistent and the Americans have kept an eye on Paternoster Square. And who can blame them? The London Stock Exchange Group’s share price is up more than 2,000 per cent since it listed 20 years ago, driven by its own run of acquisitions and deals while London cemented its position as a leading financial services hub. Yesterday, in a move that stunned the City, Hong Kong Exchanges and Clearing (HKEX) became the latest international rival to make a swoop on the London exchange, blowing in with a £30bn bid to create, in their words, a new “global market infrastructure group” that “connects East and West”. It is, at a glance, an enticing proposition. According to research by New Financial, Hong Kong has (relative to GDP) the deepest capital markets in the world and is the fourth largest international financial centre. London comes second and a combined UK-HK operation would eclipse the EU and snap at the heels of the top ranked markets in the world and is the fourth largest international financial centre. London comes second and a combined UK-HK operation would eclipse the EU and snap at the heels of the top ranked

There are some almighty obstacles

CONTINUED FROM FRONT PAGE

Following the announcement, CME Group chief executive Terry Duffy said the US markets firm is “laser focused” on its recent $5bn acquisition of UK-based Euronext. Treasury Select Committee member Wes Streeting said he would “very carefully at anything that had taken place”. A strings of contentious deals. Financial analysts in the City also flagged political tensions as a major issue, with UBS saying that business disruption in Hong Kong adds to the potential perceived risk of a proposed LSE/HKEX merger. Protesters and police have been clashing in violent demonstrations throughout Hong Kong over the summer following anger at a now-suspended bill that would have allowed extradition to mainland China. HKEX boss Charles Li was adamant that concerns over political influence from a takeover were misplaced, saying on a media call: “To everyone telling us this is a potential Chinese takeover, over the last seven years of ownership of the London Metal Exchange (LME) we have invested heavily, created many jobs, paid a lot of taxes…and it is still a quintessentially British institution.” Li added: “Together, we will connect East and West, be more diversified and we will be able to offer customers greater innovation, risk management and trading opportunities.” HKEX said the deal is subject to LSE’s mammoth £22bn merger with Refinitiv falling through. In a statement, LSE, which is headed up by former Goldman Sachs banker David Schwimmer, said the HKEX offer was “preliminary and highly conditional”, but would consider it and make a further announcement. The proposed transaction implies a value for each LSE share of around 8.36p, representing a premium of 23 per cent to the closing share price of 6,804p on 10 September. It comes just two years after EU regulators blocked a proposed £21bn merger between LSE and Germany’s Deutsche Börse. Iain Anderson, boss of City lobby firm Cicero, said: “The China element – with the level of unrest – will give the deal even more political scrutiny.”

LSE POWERS ON AS SUITORS FAIL

1. DECEMBER 2004
Deutsche Boerse offers 520p a share for London Stock Exchange (LSE), valuing it at £11.3bn.
2. MARCH 2005
Proposed offer is withdrawn.
3. MARCH 2006
LSE rejects a $4.2bn offer from Nasdaq.
4. FEBRUARY 2007
Nasdaq’s approach collapses.
5. MAY 2009
LSE replaces Dame Clara Furse with Xavier Rolet as chief executive officer.
6. JUNE 2011
LSE talks for a merger with TMX Group, which operates the Toronto Stock Exchange, collapse.
7. FEBRUARY 2016
LSE and Deutsche Boerse confirm they are in talks for all-share merger.
8. MARCH 2017
An attempted merger between Deutsche Boerse and the LSE was blocked by European regulators.
9. NOVEMBER 2017
Rolet steps down as LSE boss.
10. SEPTEMBER 2019
Hong Kong bourse makes surprise £32bn bid for LSE
Remainers tell Boris: See you next Tuesday

CATHERINE NEILAN

THE GOVERNMENT is preparing itself for a Supreme Court showdown on Tuesday after a Scottish court ruled that the controversial suspension of parliament was unlawful.

Appeal Court judges chaired by Lord Carloway, Scotland’s most senior judge, overturned an earlier ruling that the courts did not have the powers to interfere in Boris Johnson’s move to prorogue parliament for five weeks until 14 October and accused him of misleading the Queen.

The ruling does not yet signal a return to the Commons for MPs, however, and the government will appeal against the ruling in front of the UK’s highest court next week.

Summarising, judges said that the decision to suspend parliament “was an egregious case of a clear failure to comply with generally accepted standards of behaviour of public authorities”.

They added: “It was to be inferred that the principal reasons for the prorogation were to prevent or impede parliament holding the executive to account and legislating with regard to Brexit, and to allow the executive to pursue a policy of no-deal Brexit without further parliamentary interference.”

The SNP’s Joanna Cherry QC welcomed the news, saying: “We feel utterly vindicated”, and that she was “confident” the Supreme Court would uphold the decision.

A spokesman for Downing Street said that the PM had “absolute respect for the impartiality of our judges”, disowning an earlier Number 10 source quote questioning potential bias.

The government ruled out recalling parliament until the Supreme Court considers the case and denied Johnson had misled the Queen.

In a separate case last week, the English High Court had held the matter was political, not a legal matter, but no such distinction exists north of the border.

Yellowhammer: Tories’ no-deal Brexit documents in forced reveal

CATHERINE NEILAN

A NO-DEAL Brexit will cause some disruption to cross-border financial services, while wider business preparedness remains low, according to the government’s own worst-case scenario planning.

The Operation Yellowhammer document warns of “significant” disruption at the borders, the worst of which will last for six months, and seasonal health issues exacerbated by lack of access to drugs.

It also warns of “significant” rises in the cost of electricity, and an increase in protests, counter-protests and “public disorder”.

The government was forced to publish the document after former attorney general Dominic Grieve secured Commons support for a humble address demanding it be released. He also demanded the publication of private messages of nine government special advisers.

The chancellor of the Duchy of Lancaster, Michael Gove, has refused to publish the latter.

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9am...conf...enc...call...int...upted...by...tun...nel.
Businesses, get ready for Brexit

Prepare for Brexit at gov.uk/brexit
A THIRD of independent Sports Direct shareholders voted against Mike Ashley’s re-election as chief executive at the FTSE 250 firm’s annual general meeting (AGM) yesterday.

In total, 90.99 per cent voted to reappoint Ashley as a director and 9.01 per cent voted against despite the chaos and controversy that has surrounded the retailer. However, Ashley owns 61 per cent of the shares.

Discounting Ashley’s stake in the firm, around a third of shareholders rebelled against his re-election.

The resolution to reappoint Grant Thornton as the firm’s auditor was withdrawn after it quit the role earlier this year.

Sports Direct has struggled to lure a Big Four firm to audit its accounts and business secretary Andrea Leadsom is now expected to appoint one on Ashley’s behalf.

Ashley said the goal of securing a Big Four auditor was a “tick box”, according to Press Association.

The retail boss told the small number of investors gathered to ignore news reports that painted him “as a pantomime villain”.

However, investors appeared upbeat about Ashley’s leadership and the firm’s potential as they left the AGM in Sports Direct’s new upmarket store Flannels in Oxford Street yesterday.

One shareholder, who wished to remain anonymous, said: “I think he’s a very, very good entrepreneur who’s taking a view on retail. He’s a controversial character, but controversial characters do well. You look at what he has done... give him a break.”

Long-term shareholder Lawrence Corbett said Ashley brought “a bit of sparkle” to the corporate world, but voted to oust him as chief executive as the firm has not paid a dividend in 10 years.

New Look’s revenue slumps as poor weather adds to retail woes

JESS CLARK
@jclarkjourno

NEW Look sales plunged in the first quarter as the retailer battled challenging high street conditions and “unreasonable” weather.

Core like-for-like sales were down 10.1 per cent, which the company blamed on lower footfall due to poor weather in May and June and consumer uncertainty.

The fashion chain yesterday announced it has narrowed its losses from £15.5m to £2.7m in the first quarter as it began to feel the benefits of its restructuring plan.

Long-term debt shrank from £1.35bn to £350m after New Look struck a refinancing agreement to slash its debt in a deal that gave lenders more control over the business. The debt-for-equity swap saw bondholders take control of 92 per cent of the company’s equity.

Despite the slump in sales in the first quarter, like-for-like sales were up 2.2 per cent in the eight weeks to 24 August, the fast fashion firm said in a trading update.

Zara owner plots online expansion as sales and profit soar in first half

JESS CLARK
@jclarkjourno

ZARA owner Inditex – the world’s biggest retailer – yesterday reported strong profit and sales growth in the first half.

The retail giant, which also owns brands including Bershka and Massimo Dutti, reported net profit of €1.55bn for the six months to 31 July 2019.

Sales increased seven per cent to €12.82bn as the retailer outperformed rivals such as Sweden’s H&M. Like-for-like sales were up five per cent overall, and grew across all store concepts and regions both in store and online.

The company, which has more than 7,400 stores worldwide, announced it will launch online sales in South Africa, Colombia, the Philippines and Ukraine over the next two months and will also begin offering Zara Home products online from 17 September.

The second half of the year has started well, the company said, with autumn/winter collections being well received.

Store and online sales increased eight per cent between 1 August and 8 September. The company estimated full-year sales growth of between four and six per cent.
Audit bigwigs worried about sluggish reform

JAMES BOOTH
@Jamesbooth1

THE HEADS of two leading accountancy bodies have expressed concern about perceived government inaction on the reform of the troubled audit regulator.

Chief executive of the Institute of Chartered Accountants in England and Wales, Michael Izza, said slow progress on reform of the Financial Regulatory Council (FRC) “is something of a concern”.

Ian Peters, chief executive of the Chartered Institute of Internal Auditors, said: “We are very concerned about a potential delay given pressures on the parliamentary timetable.”

The FRC was slammed by Sir John Kingman in December in a report that called for the “rather ramshackle house” to be scrapped and replaced with a new body: the Audit, Reporting and Governance Authority (Arga).

The Department for Business, Energy and Industrial Strategy (Beis) hired a new chief executive for Arga – Audit bigwigs worried about sluggish reform

head of the HMRC Jon Thompson – and a new chair – former Glaxosmithkline boss Simon Dingemans – who are due to start this autumn.

The FRC has started implementing some of Kingman’s recommendations, but others require legislation and it is not clear when this might be enacted due to the political chaos around Brexit.

Former business secretary Greg Clark was an advocate for reform of the FRC, following its perceived toothlessness in the face of scandals such as the failure of outsourcer Carillion.

However, the new secretary of state Andrea Leadsom has given little indication of her thoughts on the subject. “We hope that the new secretary of state Andrea Leadsom will be as committed to reform as her predecessor,” Izza said.

A spokesperson for Beis said: “A strong and competitive audit market is crucial to our business framework, and we are committed to bringing forward reforms to ensure the UK continues to be a world leader in audit and accounting services.”

CONSTITUTIONALLY SPEAKING Bercow signals support for written constitution

SPEAKER John Bercow yesterday claimed “there is a lot to be said for a greater codification of our arrangements” after a series of legal controversies over Brexit.

The process has highlighted uncertainties over what is and is not a rule, he said.

CONSTITUTIONALLY SPEAKING Bercow signals support for written constitution

Publishers attack ‘unscrupulous’ tech giants over digital adverts

JAMES WARRINGTON
@j_a_warrington

BRITISH news publishers have clashed with Silicon Valley tech giants amid a government probe into anti-competitive behaviour in the digital advertising market.

Media organisations including the Daily Mail’s parent company and Channel 4 have launched blistering attacks on Facebook and Google over their monopoly power and “unscrupulous behaviour”.

DMG Media accused Google of using its control over the online ad market to carry out “exclusionary behaviour”, adding that the search giant charged “exploitative” fees for its services.

Channel 4 said it was “deeply concerned” about the dominant position of the two companies, accusing them of stifling competition.

The comments came in initial responses to the Competition and Markets Authority, which has opened an inquiry into major tech firms over their monopoly power.
Trump tells ‘boneheads’ at the Fed to slash rates to zero or even lower

US PRESIDENT Donald Trump yesterday called US Federal Reserve policymakers “boneheads” and demanded that they drop interest rates to zero or even lower last month.

The mis-selling of payment management companies (CMCs) and minimise its PPI payments after the PROFESSIONAL claims managers have

AUGUST GRAHAM @AugustGraham

HARRY ROBERTSON @harryrobertson

China yesterday exempted 16 US products from additional tariffs, its finance ministry said, in a sign of goodwill ahead of high-level talks this month and next.

Products such as animal feed, fish meal, some anti-cancer drugs and lubricants will be exempt from extra tariffs when they come into China from the US for a year, starting 17 September.

China has slapped its own tariffs on around $185bn (£150bn) of US goods in retaliation for the approximately $550bn of tariffs put on Chinese goods by the administration of US President Donald Trump.

Despite the exemptions, over 5,000 types of US products are still tarifified by China. Crucially, major imports from the US such as soybeans still have heavy tariffs attached.

Nonetheless, global stock markets were cheered by the news, as well as expectations that the European Central Bank (ECB) is set to unveil further financial stimulus today to boost the Eurozone economy.

David Madden, market analyst at CMC Markets, said China’s decision was “a step in the right direction for US-China trade relations”.

Eurozone set for stimulus leaving gift from Draghi

MARIO Draghi will today chair his last interest rate-setting meeting as president of the European Central Bank (ECB). The question is, will he bring a buzzsaw to his final battle?

The consensus expectation is that Draghi and Co. will cut the ECB’s main interest rate by 10 basis points (0.1 percentage points) to minus 0.5 per cent and launch its stimulus bond-buying measure, called “tiering”, which will excuse some of banks’ deposits from the charge.

As Draghi prepares to hand over stewardship of Eurozone inflation to the ECB and central bankers around the world.

Deutsche Bank economist Quinn Brody said that at a certain point they become punitive. “It would be better not to experiment with the world’s second largest economic area.”

The ECB is expected to unveil a measure, called “tiering”, which will excuse some of banks’ deposits from the charge.

Yet, Andrew Kenningham, chief Europe economist at Capital Economics, said: “Bond markets have rallied sharply since July, so the case for buying more is not as strong as it was.”

A growing chorus of voices have also warned of the effects of negative interest rates, which mean banks have to pay the ECB to keep excess reserves in its figurative vaults.

A Reuters poll showed that nearly 90 per cent of economists expect the ECB to address anemic growth by re-launching its stimulus bond-buying known as quantitative easing (QE), which seeks to flood the economy with cheap cash.

One economist at Capital Economics, Henry S糖果, said: “Bond markets have rallied sharply since July, so the case for buying more is not as strong as it was.”

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As Draghi prepares to hand over stewardship of Eurozone inflation to the ECB and central bankers around the world.

Nomura’s George Buckley said: “It is questionable how significant of an impact all of this will have on the economy.” The ECB has slashed rates to zero and bought trillions of euros of bonds, he said, “and yet core inflation has failed to rise”.

Santander contacted customers without the right paperwork, to find out if they have exceptional circumstances. Otherwise their application will not be valid.

However, Simon Evans, the chief executive of the Alliance of Claims Companies, told City A.M. customers were “even more likely to need help in exceptional circumstances”.

He added that Santander should not be aiming for speed alone.

“Consumers should be getting the right answers, rather than quick answers,” Evans said.

Bank Santander circumvented professional PPI claimant firms

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The bank has bypassed claims management companies (CMCs) and spoken to customers to save time.

The deadline for claims in Britain’s biggest banking scandal – the mis-selling of payment protection insurance (PPI) – passed last month.
PARIS

EACH WAY

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Limited seats available

* Fare is from £29 per person one way based on a return trip of £58 in Standard class, valid from London St Pancras International, Ebbsfleet International or Ashford International to Paris Gare du Nord. 39,000 seats available as at 10/10/2019. Book by 23/10/2019 for travel between 01/10/2019 and 23/11/2019. Blackout dates apply. Availability is limited for travel on Fridays and weekends. Fare is available at any Eurostar point of sale including eurostar.co.uk. Tickets are non-refundable, and non-exchangeable before departure under any conditions. See eurostar.com for full terms.

Eurostar International Limited, a company incorporated in England and Wales under company number 2642091, whose registered office is Times House, Brankliniwe Walk, Londe N1 1NF, United Kingdom.
Galliford Try sinks amid Bovis talks

JOE CURTIS
@jc_curtis
GALLIFORD Try suffered a slump in profit in its latest financial year, it revealed yesterday, a day after it restarted talks to sell its housebuilding arm to Bovis Homes for £1.1bn.

Pre-tax profit crashed 27 per cent to £104.7m for the 12 months to the end of June, compared with the £141.7m it handed in in 2018.

Galliford also saw revenue slip 7.5 per cent on year to fall to £2.71bn.

The construction firm also crashed from a cash position of £39.2m to a net debt pile of £56.6m as earnings per share slumped from 121.1p last year to 78.3p for its latest financial year.

That saw the infrastructure company reduce its full-year dividend by 24 per cent to 58p per share.

“The group has continued to perform well and our talented teams across the businesses have delivered a good performance despite the challenges faced,” said chief executive Graham Prothero.

“The potential combination of our Linden Homes and Partnerships businesses with Bovis Homes represents a superb opportunity, enhancing the prospects for all three of our businesses to thrive as strategically focused and well-financed operations with excellent opportunities for growth.”

Crest Nicholson poaches former Stobart chair

ALEX DANIEL
@alemdaniel
CREST Nicholson has installed former Stobart chair Iain Ferguson as its non-executive chairman, as the house builder completes a refurbishment of management.

Ferguson, who will take the post in November, has been appointed just as new chief executive Peter Truscott is set to take the reins at the firm this month.

At Stobart last year, Ferguson thwarted an attempt to kick him out in November, has been appointed just as new chief executive Peter Truscott, who had hoped to install billionaire retail magnate Philip Day instead.

Ex-Terra Firma boss is poised to join Heylo

AUGUST GRAHAM
@AugustGraham
THE FORMER boss of private equity house Terra Firma is set to be announced as the next chief executive of Heylo, a British provider of affordable housing.

Andrew Geczy will be tasked with accelerating Heylo’s expansion, Sky News reported. It owns Home Reach which has delivered 4,000 properties and has raised hundreds of millions of pounds.

The former private equity chief is likely to be looking for more money to fund an expansion of the company’s portfolio and help mitigate the massive dearth of affordable housing in the UK.

UK Litigation funder Augusta raises $115m

The UK’s largest litigation funder by case volume, Augusta said yesterday it had raised $115m (£93m) from an unnamed US investment manager.

Managing director Louis Young said: “This development is a strong endorsement of the litigation funding industry and in particular, our market-leading experienced team.”

Litigation funders back individual legal cases or portfolios of cases and take a slice of any financial settlement.

The nascent industry has been rocked recently by allegations made against the world’s largest funder Burford Capital.

Spring in sight at Four Seasons amid deal talk

Residents at Four Seasons care homes may see light at the end of the tunnel today as it looks poised to announce a deal with H/2 Capital Partners to take over most of the sites.

The US hedge fund is set to take on 1.85 of the company’s 320 care homes and continue to run the others until a buyer can be found, Sky News reported. The deal will likely save thousands of jobs, 22,000 people work for Four Seasons, looking after 17,000 residents.

The deal could be announced as soon as today.

Remy Cointreau names new chief executive

French spirits group Remy Cointreau said yesterday it had picked Richemont’s Eric Vallat as its new chief executive. Vallat, who used to work at the French cognac maker, will replace Valerie Chapoulaud-Floquet. She said in early July that she would step down by the end of 2019 for personal reasons.

“We are convinced that his expertise and charisma will enable him to pursue, develop and spearhead the strategy that will lead Remy Cointreau on to further successes,” Remy Cointreau’s chairman, said. Remy Cointreau’s share price has more than doubled since Chapoulaud-Floquet, a luxury sector specialist, took over in September 2014 with a strategy focused on selling spirits priced at $40 or more a bottle.
A great showman always leaves people wanting more. In his penultimate showpiece, ECB chief Mario Draghi may do exactly that. Expectations ahead of the European Central Bank (ECB) meeting are running very high. Whilst it seems the ECB will throw the kitchen sink at slow growth and persistently lacklustre inflation, markets seem to want the taps, the plug and the plumbing thrown in for good measure too. Indeed, former vice president Vitor Constancio said only last week that markets are expecting too much from the ECB.

Faced with persistently weak inflation, falling industrial output and the ongoing US-China trade war, there is nothing left for the ECB now but announce an aggressive stimulus package, particularly as it very much leaves people wanting more. Having teed it up, the ECB will be pushing on an open door, but the market wants it to charge through and break the door down.

Several things were noteworthy about the July meeting. Firstly, the ECB changed its tune on forward guidance and said it expects interest rates to remain at their present or lower levels at least through the first half of 2020. This very much opened the door to a rate cut in September.

The ECB also underlined the need for a highly accommodative stance of monetary policy for a prolonged period of time, as inflation has been persistently weak. This addition to the statement signals there is absolutely zero chance of normalisation anytime in the near future. And on QE, the ECB made it abundantly clear it is ready to launch a new net asset purchase programme this year.

**QE, Rates & Forward Guidance**

The ECB is likely to announce 20bps of cuts to the deposit rate and commit, or at least leave open the possibility, to do more. Cutting the deposit rate further would of course make its TLTRO III programme more appealing. A 10bps would be a little short of expectations. Expect 20bps of cuts pencilled in for this year and a change to forward guidance that indicates further cuts. If it goes full kitchen sink, 20bps in cuts now and another 20bps before the year is not out of the questions. We should also expect an announcement on tiered deposit rates to soften the impact on banks. It’s worth nothing that concerns about bank profitability (or even worse) may force the ECB to rein in its natu- ral instincts to cut heavily. The main refinancing rate and marginal lending rate are likely to be unchanged.

**JULY RECAP**

Markets were left a little bit disappointed in July - but should they have been? To my thinking it ought to be the ECB that should feel aggrieved as the market didn’t pick up on very dovish signals. As we noted at the time: Markets have lusted for more easing and he’s come good. Having said in 2012 he would do ‘whatever it takes’, Draghi has delivered one final gift to the ECB with a new policy direction that his successor will carry forward. It’s not quite as dovish as we thought it might be in that there was no policy change today, but it sends a very clear signal.

Having teed it up, the ECB will be pushing on an open door, but the market wants it to charge through and break the door down.

In short: The ECB could disappoint the market, but only because the bar is set so high. If the ECB fails to meet market expectations, the euro could depreciate through $1.11, though any upside is going to be capped by expectations of more to come down the line. Mr Draghi will leave the audience thirsty for a little more.
Ongoing uncertainty hits UK wealth management

ANNA MENIN
@annamenin

ONGOING political and economic uncertainty took a toll on the UK’s investment management industry last year, with assets under management (AUM) remaining stagnant.

Although the UK managed to retain its ranking as the second largest investment management hub in the world behind the US, the total amount of AUM by Investment Association (IA) members remained unchanged at £7.7 trillion by the end of 2018.

Despite this flattening, investment managers in the UK still managed 37 per cent of all assets managed in Europe, according to the IA’s annual survey. Overall, the UK had more assets under management at the end of 2018 than the next three European financial centres (France, Germany, and Switzerland) combined.

“Against economic and political headwinds, the UK investment management industry has been resilient and remains a domestic and international success story,” said IA chief executive Chris Cummings.

Growing appetite for international investment opportunities has been a consistent trend over the past decade, but the proportion of UK-managed equity funds invested overseas remained unchanged last year at 70 per cent, up from 54 per cent 10 years ago.

The ethical investment agenda is being “strongly embraced” by the investment management industry, the report said. Just over a quarter (26 per cent) of total AUM were subject to a some form of responsible or sustainable investment criteria.

“Responsible and sustainable investment and the funding of businesses and infrastructure projects through private markets are key new areas that UK investment managers can excel in,” Cummings said.

Oakley Capital Investments reports net asset value jump

ANNA MENIN
@annamenin

LISTED investment firm Oakley Capital Investments (OCI) yesterday reported a rise in net asset value (NAV) during the first half of the year, and an increase in the value of its underlying portfolio companies.

OCI – which invests in the funds of Oakley Capital – reported a net asset value per share of £3.18 and a total net asset value of £651m – a 14 per cent increase since the end of last year.

The firm reported a total shareholder return for the first half of 33 per cent, and announced an interim dividend of 2.1p per share. Its share price fell by 0.42 per cent yesterday.

Capita hikes pay with pledge to pay real living wage

ALEX DANIEL
@alexandaniel

CAPITA will give a pay rise to 6,000 people next year, ranging from administrative staff to call centre workers, City A.M. can reveal.

The outsource has committed to paying staff at least the real living wage, £9 an hour and £10.55 an hour in London, from April.

City of London update

The clock is ticking - is your firm ready for Brexit?

H

AS your business prepared in advance of 31 October? That’s the date it is planned that the UK will be leaving the European Union.

This may have a significant impact on businesses of all sizes across the Square Mile and beyond. So it makes sense for firms to start preparing now for the impact it may have for your business and employees.

An information campaign urging the public to “get ready for Brexit” has been launched by the government, including a website, gov.uk/brexit.

Have your say in City elections

AS a City worker, you may spend more time in the office than you do at home... so why not have the same say on services in the Square Mile as you have where you live?

Staff in City businesses and organisations can vote in the City of London Corporation’s elections – so you can have a voice on areas including air quality, cycling, personal security, green spaces, commuting and transport.

The City Corporation has sent registration forms to all eligible organisations. If you want to find out if your company has a named contact to help you register to vote, please get in touch on 0800 587 5537 or electoralservices@cityoflondon.gov.uk.

NEWS | THURSDAY 12 SEPTEMBER 2019

WHISKY IN THE BAR South African pubs get a scotch fix with post-Brexit trade deal

WHISKY will keep flowing in Cape Town’s bars even after Brexit as the UK initiated a deal with South Africa and its neighbours. Trade with the Southern African Customs Union and Mozambique was worth £9.7bn last year, £136m from beverages, including whisky.

WHISKY IN THE BAR South African pubs get a scotch fix with post-Brexit trade deal

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However, S4 said the second half had started strongly, with July revenue and gross profit up 68 and 60 per cent respectively, and said it is on track to meet its target of doubling the size of the company by 2021.

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ECSC shares rise as data breach fines give boost

JAMES WARRINGTON

SHARES in ECSC rose more than 10 per cent yesterday after the cybersecurity firm reported renewed demand for its consulting services division. ECSC’s total revenue slipped marginally from £2.64m to £2.63m in the six months to the end of June. Gross profit increased 18 per cent to £1.4m. The firm posted an adjusted earnings before interest, tax, depreciation and amortisation (Ebitda) loss of £200,000, against £500,000 last year.

ECSC is one of a number of cybersecurity firms looking to tap into growing awareness of cybersecurity. The half-year figures revealed differing fortunes across the firm’s managed services division, which provides incident response, and its consulting division, which provides its consulting services.

ECSC posted a huge 63 per cent revenue increase to £1.2m over the period, while consulting revenue dropped 23 per cent to £1.2m. Overall, revenue was flat compared with last year.

The Bradford-based cyber firm said the figures marked a strong recovery after it suffered faltering demand for its consulting services, which it blamed on economic uncertainty and businesses choosing to delay projects due to Brexit concerns.

ECSC said it had bagged record levels of consulting bookings in the third quarter and into this quarter.

Woodford loses £43.5m in fire sale of assets from frozen fund

ANNA MENIN

Woodford lost money on eight out of 10 positions he has sold since the gating of the fund in June, according to analysis by Bloomberg. The former star fund manager took the biggest hit on shares in Newriver. Having spent around £181m investing in the real estate trust, Woodford managed to recoup just £131m when he sold the shares.

GIRLS SPEAK OUT

Girlguiding member and young advocate, Juliet, aged 19, tells us about the impact of Future Girl, a five-year plan from the UK’s leading charity for girls and young women, Girlguiding. The initiative was developed, thanks in part to funds raised by players of People’s Postcode Lottery, to help girls and volunteers make the changes they want to see in the world.

What happens when you combine a group of high energy seven to ten year old girls, a list of some of the biggest issues that might affect their lives and a drama activity?

When I did this with my Brownie group as part of Girlguiding’s Future Girl activities, the answer surprised me. Not because of the girls’ boundless energy as they ran around the room like cats and dogs acting out scenes about looking after animals – after four years as a leader, I’m used to that – but because they knew exactly what they wanted to change. From making opportunities accessible to disabled people to preventing cruelty to animals, they needed little prompting to tell me which issues they care about.

My Brownies’ responses were combined with the results from Future Girl activities involving 76,000 girls from Rainbows, Brownies, Guides and Rangers. This created a list of asks telling us to take action in five areas:

- Protecting our planet and the animals we share it with
- Fun and adventures of all kinds open to every girl
- Prioritising happiness, wellbeing and mental health so girls can feel free to be themselves
- Promoting safe and equal relationships
- Enabling all girls to make their own decisions, free from gender stereotypes and without barriers

Players of People’s Postcode Lottery’s support of Future Girl means Girlguiding can give girls a platform to tell the world what changes need to be made.

I know Future Girl can turn their asks into action and something very exciting is happening soon. We want to make the future girls want a reality, watch this space. As a member of Girlguiding’s Advocate panel, which helps to shape our campaigning work, I’ve seen how Girlguiding can help girls become change-makers – from the panel launching a successful campaign against period poverty, to telling the government what girls think should be included in its new Relationships and Sex Education guidance. Funding raised by players of People’s Postcode Lottery helps to make this process possible. It’s costly to design and distribute badges and resources for 76,000 girls taking part in Future Girl consultations and to enable Girlguiding youth panel members across the UK to speak to politicians and the media to advocate change. Players of People’s Postcode Lottery are helping to give girls a voice.

Since 2014, players of People’s Postcode Lottery have raised more than £2 million for Girlguiding. This funding is empowering thousands of girls to enjoy new experiences and supporting initiatives like Future Girl and the Advocate panel.

This support benefits the 76,000 girls who contributed to the Future Girl consultation process but their voices will create change for many more.

As one of the young women advocating for that change, I cannot thank players of People’s Postcode Lottery enough.

READ MORE ONLINE

Keep up to date on our news at: www.postcodelottery.co.uk

Mitie finance boss exits for tech firm role

JAMES BOOTH

OUTSOURCER Mitie said yesterday that its chief financial officer Paul Woolf has resigned to join intellectual property management and technology company CPA Global.

Woolf has been appointed as finance chief of CPA Global which was acquired for £2.4bn in 2017 by Leonard Green Partners. Mitie’s chairman, Derek Mapp, said: “Paul has been hugely supportive in the turnaround of Mitie, bringing in new financial disciplines and helping restore investor confidence. He will be much missed, but we wish him well in his new challenge.”

Woolf joined the business in November 2017 and is expected to leave on 28 January 2020.

He was formerly chief executive of Virgin Active Health Clubs, chief financial officer of retailer Jack Wills and finance boss of frozen food firm Birds Eye Iglo Group. Mitie issued a string of profit warnings in 2016. Chief executive Paul Bentley has revised the firm’s fortunes, dragging it back to profit and making a dent in its net debt.

PARTRER CONTENT

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READ MORE ONLINE

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**Purdue Pharma seals partial opioid settlement amid bankruptcy filing**

**JESSICA DINAPOLI**

OXYCONTIN maker Purdue Pharma reached a tentative agreement with some plaintiffs to resolve widespread litigation over its alleged role in fueling the US opioid crisis and plans to settle with states opposing its settlement offer in bankruptcy proceedings starting as soon as next week, people familiar with the matter said.

Yesterday, lead lawyers representing more than 2,000 cities, counties and other plaintiffs suing Purdue, along with 26 states and US territories, were on board with an offer from the company and its controlling Sackler family to settle lawsuits in a deal valued at up to $12bn (£9.7bn), they said.

More than a dozen other states remain opposed or uncommitted to the deal, setting the stage for a legal battle over Purdue’s efforts to contain the litigation in bankruptcy court, they said.

States yesterday updated a federal judge on the settlement offer’s support, which remained in flux and could evolve as the day progresses, the people said. Purdue’s board is scheduled to be briefed on settlement progress today, with a chance talks could still collapse.  

**Prosus hits EU big leagues on debut**

**AUGUST GRAHAM**

SHARES in Prosus, an early investor in Tencent, soared on its Amsterdam debut yesterday as the company’s former parent priced it lower than the market.

The firm jumped more than 25 per cent on the Amsterdam stock market, instantly becoming one of the biggest internet companies in Europe.

Prosus, is a spin-off from Naspers, a South African firm which took the $34m (£27.6m) punt on Tencent in the early 2000s.

The company’s 31 per cent stake has outgrown the Johannesburg Stock Exchange (JSE), making up around 5 per cent of its value.

“Prosus, for South African fund managers that creates a massive concentration risk, especially those that manage pension funds,” said Morningstar analyst Johann Scholtz.

Naspers chief executive Bob van Dijk said the company has “become so big that further growth of our company on the JSE would be difficult.”

“The idea with today’s listing is emphatically that we find a new generation of investors here, on Euronext [Amsterdam], for our further growth.”

Shares had been priced at €58.70 before the float. They jumped to €76 at open, a rise of 27 per cent. This gives Prosus a market value of around €119bn (£106bn), with around 1.6bn shares registered.

This is similar to the value of Naspers’ stake in Tencent, which is now worth £130bn and has buttressed Naspers’ rapid growth towards becoming Africa’s most valuable listed company.

Naspers has kept a 75 per cent stake in Prosus. Its own shares fell 30 per cent in Johannesburg yesterday, acting similar to a stock that has gone ex-dividend.

**Not Wasting Time**

**Biffa continues deal spree with two fresh buyouts worth £2.6m**

Biffa bought out two container firms in the first half of the year, it said, in a rush of deals.

The waste management company has already made seven acquisitions in the previous financial year.

**Transport for London Public Notice**

**ROAD TRAFFIC REGULATION ACT 1984**

**THE A10 GLA ROAD (BISHOPSGATE AND GRACECHURCH STREET, CITY OF LONDON) (TEMPORARY PROHIBITION OF TRAFFIC) ORDER 2019**

1. Transport for London hereby gives notice that it has made the above-named Traffic Order under section 4(1)(l) of the Road Traffic Regulation Act 1984 for the purpose specified in paragraph 2. The effect of the Order is summarised in paragraph 3.

2. The purpose of the Order is to enable Mobile Crane Lifting works to take place at A10 Bishopsgate/Gracechurch Street.

3. The effect of the Order will be to prohibit any vehicle from entering, exiting, proceeding or stopping on Bishopsgate/Gracechurch Street between its junctions with Fenchurch Street and Worrwood Street/Camomile Street.

The Order will be effective at certain times between the 13th September 2019 and the 30th September 2019 every Friday at 5:00 AM until Monday at 5:00 AM or when the works have been completed, whichever is sooner.

4. The prohibitions will not apply in respect of:

   (i) any vehicle being used for the purposes of those works or for fire brigade, ambulance or police purposes;
   (ii) anything done with the permission or at the direction of a police constable in uniform or a person authorised by Transport for London.

5. At such times as the prohibitions are in force an alternative route will be indicated by traffic signs via (for south bound traffic) Camomile Street, Houndsditch, St. Botolph Street, Aldgate High Street and Fenchurch Street to normal route of travel & (for north bound traffic) King William Street, Bank, Threadneedle Street and Old Street to normal route of travel.

Dated this 12th day of September 2019

Paul Matthews
Coordination and Permitting Area Manager
Transport for London

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**The Wolf of Wall Street**

**THE GREATEST SHOW IN THIS CITY”**

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Deliveroo ad banned for claiming it could deliver a takeaway to space

JAMES WARRINGTON
@j_a_warrington
A DELIVEROO advert that portrayed an astronaut receiving a food delivery in space has been banned for implying the company could deliver anywhere.

The TV ad showed people having food delivered to them in unusual locations or circumstances, and was accompanied by a voiceover stating: “Order what you want; where you want; when you want it.”

In addition to an astronaut, the advert also showed someone receiving a food delivery in a field after apparently tunnelling underground to escape from prison. However, the advertising watchdog received 22 complaints from people who knew that Deliveroo did not deliver to their area and said the advert was misleading.

The food delivery startup argued the ad was not intended to be representative of real life, and said the text “some restrictions apply, obviously” made it clear Deliveroo was unable to deliver in certain locations.

The Advertising Standards Authority upheld the complaint, stating that the advert implied Deliveroo’s service was unrestricted throughout the UK.

A Deliveroo spokesperson said: “Deliveroo designed a playful advert to show that, through our service, people are able to order food to a wide range of places, whether home or work, for a range of occasions.”

Facebook to increase staff diversity in partnership with City non-profit

EMILY NICOLLE
@emilylyric
FACEBOOK has partnered with a London non-profit organisation in a bid to increase the diversity of its workforce.

The tech giant will today announce a partnership with Colorintech, in which Facebook will commit to increasing the number of applicants and hires in Europe from underrepresented groups.

It comes after Facebook said in a diversity report in July that at least 50 per cent of its US staff will be made up of people from minority groups by 2024. This includes women, people of colour, people with disabilities and military veterans.

Colorintech told City A.M. some of its work from the partnership would be put towards localising these targets to make sense for Facebook’s office in London and Dublin.

The tie-up will see Facebook work with Colorintech to create a series of programmes and events aimed at professionals from under-represented backgrounds, in addition to improving interview procedures to encourage an inclusive work environment.

Other partners of Colorintech include Google and Microsoft.

California passes gig economy bill in test for Uber

JOE CURTIS
@joe_r_curtis
CALIFORNIA this week passed a controversial bill that means gig economy workers are to be classified as full-time employees.

The move, expected to be signed and passed into law by California governor Gavin Newsom, would pile pressure on companies like Uber and Lyft, which rely on self-employed workers.

It would make it harder for such firms to argue that workers are contractors and not full-time employees, who would be entitled to certain wages with paid holidays and health benefits.

Uber has fought against a similar law in the UK and both ride-hailing giants lobbied extensively against California’s AB5 bill.

They proposed paying drivers a $21 (£17) minimum wage as they sought to avoid the rising costs associated with the benefits of full-time employment. However, this wage only covered the time spent on a trip, rather than the full time a driver is active on the ride-hailing app – leading to a much lower overall wage.

Shares in both companies hit record lows since their recent floats at the end of last week, as traders bet on the bill being passed into law.

US governor Newsom has already lent the bill his endorsement so passing yesterday’s Senate session at 29 to 11.

Some Republican lawmakers criticised the bill for picking “winners and losers”, Gizmodo reported, but US senator Maria Durazo retorted: “One job should be enough.”

Drivers for Deliveroo in the UK lost a High Court battle to gain union recognition in December, in a blow to British gig economy workers.

Uber, meanwhile, lost an appeal in the UK last month against a ruling that drivers should be classified as workers and be paid to take holidays as well as be entitled to minimum wage.

Uber said at the time it would challenge the ruling in the Supreme Court.

The case remains ongoing.

Thousands put as missing in Dorian’s wake

ZACH FAGENSON
BAHAMIAN officials told reporters yesterday that 2,500 people have been registered as missing in the wake of the devastating Hurricane Dorian, a count they said may include people who have fled to shelters around the islands.

“This list has not yet been checked against government records of who are staying in shelters or who have been evacuated.” National Emergency Management Agency spokesman Carl Smith told a news conference.

“The database processing is under way.”

Thousands of people are in shelters on the islands. Officials have confirmed 50 deaths caused by the 1 September storm but have warned that toll is likely to rise substantially.

Dorian slammed into the Bahamas over a week ago as one of the strongest Caribbean hurricanes on record, with sustained winds of 185 miles (298 kilometres) per hour.

Smith said more than 5,000 people had evacuated to New Providence, but that they had seen a “significant reduction” in the number of people asking to be evacuated.

Commercial flights to Abaco, one of the hardest-hit areas, resumed yesterday on a limited basis, officials said.

Italy flies in to work with Britain on new fighter jet programme

ALISTAIR SMOUT
ITALY will work with Britain on its planned Tempest fighter plane programme, the Ministry of Defence said yesterday, in a boost to its proposed replacement for the Eurofighter Typhoon.

Italy joins Sweden in agreeing to co-operate with Britain on fighter jets as the UK looks to get Tempest off the ground and give it an edge over a rival Franco-German project.

“The database processing is under way.”

Smith said there was hope for the Typhoon and F-35, as well as the planned next-generation Tempest.

Britain last year unveiled plans for a fighter plane and cohort of drones named Tempest.
Shares boosted as China moves to combat trade rift

EADING shares advanced yesterday on signs of less tension in the US-China trade fight and prospects of more stimulus from central banks. The FTSE 100 rose one per cent while the midcap index added 1.2 per cent. London Stock Exchange took the top spot on the main bourse with a six per cent jump after Hong Kong Exchanges and Clearing made a surprise takeover approach.

Exporting Countries said demand outlook the producer group said due to an economic slowdown, an growth in world oil demand in 2020 as weaker growth looms.

In results-driven gains, Galliford Try, which this week said it has restarted talks to sell its housing units to Bovis Homes, rose 2.4 per cent after reporting strong margins at Linden Homes.

OPEC trims forecast for oil demand in 2020 as weaker growth looms

OPEC yesterday cut its forecast for oil demand to maintain or adjust their policy of cutting output. Iraq said ministers would today discuss whether deeper deal to cut output by 1.2m bpd.

China trade war and Brexit could press the case for Opec and its allies to maintain or adjust their policy of cutting output. Iraq said ministers would today discuss whether deeper

ALEX LAWLER

OPEC yesterday cut its forecast for growth in world oil demand in 2020 due to an economic slowdown, an outlook the producer group said indicated the market would be in surplus.

The weaker outlook amid a US-China trade war and Brexit could press the case for Opec and its allies to maintain or adjust their policy of cutting output. Iraq said ministers would today discuss whether deeper cuts were needed.

In the report, Opec lowered its forecast for world economic growth in 2020 to 3.1 per cent from 3.2 per cent and said next year’s increase in oil demand would be outpaced by “strong growth” in supply from rival producers such as the US.

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CITY DASHBOARD

YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

NEW YORK REPORT

Tariff gesture lifts Wall Street

W ALL Street moved higher yesterday, led by tariff-sensitive technology and industrial stocks after China unveiled an olive branch ahead of next month’s trade negotiations with the US.

The S&P 500 closed above the 3,000 mark for the first time since 30 July. Apple provided the biggest boost to the S&P 500 and the Nasdaq the day after it unveiled its latest iPhone upgrade and announced the launch date of its Apple TV Plus streaming service. Its shares rose 3.2 per cent.

The blue-chip Dow, led by Boeing, posted its sixth consecutive daily gain. Boeing added 3.6 per cent. China announced tariff exemptions for a basket of US goods, viewed by many investors as a show of good faith just weeks ahead of planned talks aimed at resolving the trade war.

The Dow Jones rose 277.61 points, or 0.85 per cent, to 27,137.04, the S&P 500 gained 21.54 points, or 0.72 per cent, to 3,009.93 and the Nasdaq Composite added 85.52 points, or 1.06 per cent, to 8,109.68. Chipmaker Advanced Micro Devices rose 2.2 per cent after Longbow Research upgraded the stock to “buy”.

RBC CAPITAL MARKETS

RBC Capital Markets has made two senior hires. Florent Cassabois has joined RBC as head of leveraged finance based in France and David Brand has joined the central funding group as a managing director based in London. In this newly created role, Florent, who joins from HSBC, will be based in Paris and report to Ed Dickinson, European head of leveraged finance from a product perspective and Eric Meyer, head of France from a country perspective. David joins from Morgan Stanley and has been with the bank for 15 years.

The sale would boost Poland’s contribution to NATO and reduce its dependence on Russian equipment, a State Department official said. During the Cold War, Poland, which shares borders with Russia and Germany, belonged to the Soviet-led Warsaw Pact.

US clears $6.5bn sale of Lockheed jets to Poland

The approval of the sale comes days after US vice-president Mike Pence visited Poland to commemorate the 80th anniversary of the start of the Second World War.

Under President Trump, the US has relaxed restrictions on sales and encouraged officials to take a bigger role in increasing business overseas for the US weapons industry.

However, it began the process in April to request Turkey from the multinational F-35 programme. After Ankara said it would proceed with a Russian S-400 missile defence system that NATO officials say is not compatible with the F-35.
SEEING, BUT NOT BELIEVING

David Beckham’s flawless malaria appeal marks the moment that deepfakes transformed

Andrew Bud explains why deepfake videos pose a threat to our democracy

Both traditional and social media lit up earlier this year following the launch of a ground-breaking campaign for charity Malaria No More, which was fronted by David Beckham. In this 55 second video ad, the football star makes a passionate appeal for support. He makes it, however, in nine different languages.

No, David Beckham has not suddenly become a polyglot. Instead, his image has been subtly manipulated to perfectly lip-sync him with the voices of others by using a technology called “deepfake”.

It is this technology which is the most vivid harbinger of the next great cyber threat to our society. Of course, changing faces in videos is not new. Actors have been digitally recreated for films like The Matrix Reloaded and The Curious Case of Benjamin Button more than a decade ago, and synthetic characters like Gollum from The Lord of the Rings, pasted onto actors wearing motion-capture suits, are now ubiquitous in cinema.

But these are laborious, painstaking, expensive works of art that are handcrafted at huge expense, but these are laborious, painstaking, expensive works of art that are handcrafted at huge expense.

Over time, new technology has been developed to make the process easier and faster. For instance, in 2011, computer scientists at Harvard University described a new method that could replace someone’s face in a video and be made in hours rather than weeks – as long as numerous experts in image processing were on hand.

Although in recent years, machine learning has replaced the need for such human skill and craft. Deep neural networks can now be used to rapidly produce fake imagery that is utterly believable to our eyes.

FAKE NEWS

Videos produced in this way first appeared in 2017 and quickly became known as deepfakes.

Unfortunately – and perhaps inevitably – the first application of this new technology was in pornography. Deep learning was used to drape the faces of celebrities onto the bodies of adult movie stars most realistically, to the understandable and considerable consternation of the victims.

Since then, experiments with new applications have opened more eyes to the potential use – and abuse – of this technology. For example, in 2018, political leaders like Barack Obama and Vladimir Putin were seen making speeches they never gave.

Then, early in 2019, actor Steve Buscemi’s face gave Jennifer Lawrence’s Golden Globe acceptance speech a virtual broadcast on a US comedy show.

As you can see, Beckham’s flawless malaria appeal – created by commercial London firm Synthesia – simply marks the moment that deepfakes transformed from creepy gimmicks to a mainstream media form.

LIES TO OUR EYES

This technology is also being recognised by authorities as a new kind of cybervit.

It’s danger lies not only in its power to vilify and humiliate individual victims, but also to attribute abhorrent actions and words to them. As such, deepfakes have the potential to undermine the foundations of our society and our democracy.

Successful societies are built on trust – trust in each other, trust in a counterparty to a transaction, trust in sources of information, trust in institutions.

The most powerful basis of trust is personal experience, followed closely by our democracy.

Andrew Bud is founder and chief executive of iProov.
Swap your office’s dominance dynamics for cognitive diversity

We spend much of our lives building up individual expertise, then take the biggest decisions in forums that make us collectively dumb

Matthew Syed

We spend much of our lives building up individual expertise, then take the biggest decisions in forums that make us collectively dumb.

Matthew Syed is author of Rebel Ideas: The Power of Diverse Thinking, published this week.

Best of Twitter

The Scottish court has found unlawful, but Mr Johnson’s decision to mess up to the Brexit Icarus. Here’s how he can see us fly out of the EU to glory.

Nigel Farage is the Brexit Icarus. Here’s how he can see us fly out of the EU to glory.

TheResearchers suggest that onerous visa restrictions are stifling innovation.

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Let’s end the airline monopoly over Europe’s busiest airport

Matthew Oakley

The Telegraph could be limited to a print run of just tens of thousands. Presented like this, it is clear that competition is not working well at Britain’s biggest airport. Our report, “Letting Competition Fly: the case for two national flag carriers”, published today shows how passengers lose out.

First, the situation limits choice. We estimate that in the last year, 3.5m passengers spread across 77 routes did not have a choice of who to fly with. If you want to fly direct to popular short and longhaul routes from Heathrow, such as Glasgow or San Diego, you can only go with British Airways. Second, the lack of competition is likely to lead to higher prices. Using evidence from similar situations around the world, we estimate that passengers could be paying as much as 10 per cent more in ticket prices. Heathrow expansion could be a game changer, but under existing rules for how new capacity will be allocated, this situation is very unlikely to change significantly.

However, there is a simple way to tackle the situation – and it is not to penalise or falsely restrict BA, our first national flag carrier. Instead, BA just needs a scale competitor – a second flag carrier – to bring increased choice, lower prices, and improved quality to passengers. To extend the supermarket analogy, this would be like giving Sainsbury’s the opportunity to take on Tesco. Having two flag carriers would not be unusual. Other major cities – including Chicago, Tokyo, and Madrid – have smaller aviation markets yet already host two such competitors.

To achieve this, the government will need to act decisively when determining how to allocate the new capacity created by Heathrow expansion. Applying the current rules will serve only to reinforce the fragmented competition that exists at the UK’s busiest airport. A bespoke approach is needed to maximise the unique opportunity of expansion. This should explicitly commit to providing the framework for the creation of second national flag carrier, with around 20 per cent of overall Heathrow capacity.

Some, particularly those with vested interests, will argue against this approach, saying that it is too complicated or unfair to BA. But without it, the full scale of potential benefits of Heathrow expansion are unlikely to be realised, and a unique opportunity to boost competition, lower fares, and improve service and passenger choice could be missed.

BA needs a scale competitor – a second flag carrier – to bring increased choice

Matthew Oakley is director of WPI Economics and former Treasury economist.
Last year’s Nest Hub placed the Google assistant at the centre of the connected home, integrating a voice-activated speaker and display into a single device. It brought together disparate smart home services from competing companies – light-bulbs, locks, cameras and thermostats – into one easy to use dashboard, so you could control your house from your kitchen and pretend you were piloting a two-bedroom starship.

Where it lagged behind the competition (namely Amazon’s Echo Show) was in Google’s decision not to include a camera, a design choice made to allay privacy concerns around a gadget that would often be pointed right at your bed.

As the name implies, the Nest Hub Max is a bigger version of the previous Nest Hub, ten inches rather than seven and with a louder pair of stereo speakers, but the chief upgrade here is the addition of a camera. This is used for more than just making and receiving video calls. The Nest Hub Max can recognise the faces of different family members as they walk past the device, to display things like personal reminders, upcoming flights, potential delays to a commute and calendar appointments all without having to touch or say anything.

The Nest Hub Max can function as a home security camera, using your phone’s GPS to determine when you’re out of the house and alerting you whenever it detects motion. The camera enables some basic gesture controls too, allowing you to pause and resume podcasts, videos and music by raising your hand. Gestures are most useful in the kitchen, when your hands are covered in all manner of gunk and it might be rude or inconvenient to use your voice.

The wide-angle camera also tracks you during video calls, so you can move around the room and always be in frame.

"The camera tracks you during video calls, so you can move around the room and always be in frame."

When it’s not in use the Nest Hub Max becomes a photo frame, displaying an intelligently curated selection of your most recent pictures from Google Photos. A sensor in the frame detects ambient light levels, and subtly adjusts the display to make your photos look as though they’re printed on paper rather than on screen. It’s a convincing effect, and a thoughtful way to keep pictures of friends, family and past adventures in rotation.

Bigger and louder, the Nest Hub Max also comes with a new £219 price-tag to match. Its predecessor is £100 cheaper, and is the better value proposition for users who aren’t interested in the camera, or who’d prefer a more petite device. For everyone else, this is as smart as home hubs get.

Games Out Now: Can the Blair Witch Mythos Still Scare You 20 Years On?

There are moments in Blair Witch that live up to the promise of the source material, recreating the sense of suffocating panic that comes from being lost and alone.

It’s an area in which Polish game developer Bloober Team has form: in psychological horror Layers of Fear, doors would flicker out of existence when you turned your back, or creepy dolls would rearrange themselves just out of view. In cyberpunk dystopia Observer, your character’s decaying cybernetic implants caused reality itself to twist and glitch, meaning you could never trust what was in front of you.

The same conceit is applied to Maryland’s rolling Black Hills, the dense woodland endlessly repeating as your wander its impossible geography, somehow always ending back at the same desolate campsite.

Occasionally the scene will be subtly altered – older, perhaps, or strewn with more detritus – but it’s always the same damn tent, no matter how far you run.

But rather than simply lean into the primal fear at the heart of the Blair Witch mythos, Bloober also attempts to tell a story about one man’s psychological breakdown in the aftermath of war. Exploring the creeping, maddening horror of PTSD is an interesting idea, and one that’s often well executed, but it’s forever competing with the witch as this story’s primary antagonist.

You’re not entirely alone in the woods: also along for the ride is your German Shepherd Bullet. He’s such a faithful companion that he actually mitigates much of the horror – as long as I could hear him screeching through the brush, I was never too fearful of the ominous sounds coming from deeper within the forest. You’re also armed with a classic Nokia that bombards you with strange messages, and a reality-bending camcorder that functions as the game’s primary puzzle solving mechanic.

Later there are ill-conceived combat encounters in which you must banish apparitions by shining a torch at them, or sprint past swirling piles of leaves. Each one makes the world more knowable and less frightening, with any residual fear all but dried up by the time you reach the piece-de-resistance: the dilapidated stone house from the movie. It’s a shame, because this is the highlight of the game, a brilliantly creepy collection of peeling corridors and rotting staircases that loop around and around, the sense of claustrophobia building each time you’re forced to navigate them.

But even here the two competing narratives eventually cancel each other out. Simply put, the witch is less frightening if it’s the manifestation of a soldier’s PTSD, and the soldier’s PTSD is less impactful when it’s attached to a story about the Blair Witch. There are two good games somewhere. Unfortunately this isn’t either of them.
The problems caused by superstar CEOs

The fall of Nissan’s Carlos Ghosn should serve as a warning lesson to all businesses

EARLIER this year, a new chapter unfurled in the sad saga of former automotive industry leader Carlos Ghosn, when Japanese prosecutors arrested the embattled former chairman of Nissan and Renault for the fourth time since November 2018. Ghosn has been under house arrest since April, awaiting trial. He faces charges that he understated his income and abused his position for personal enrichment, including the allegation that he committed a breach of trust by funneling $5m of Nissan funds into a dealership under his control. He denies all the charges.

But Ghosn’s dramatic downfall stands out among corporate scandals, as he had long been hailed as a vision-ary reformer who had overseen impressive transformations of the carmakers under his leadership. Although Ghosn’s case has attracted widespread misconduct within their organisations. In almost every instance, the resulting damage to their company’s reputation long outlives their tenures. We have also seen bad guys celebrated as good guys for far too long. That is, we have seen corporate “superstar” leaders – including chief executives – feted and rewarded, even as the misconduct they conduct slowly rotted away the culture of integrity that the firm was trying to maintain.

This is not really surprising; unethical superstars are a natural byproduct of a ruthlessly competitive global marketplace with its unceasing demand for growth. Such leaders are driven – which makes them both effective and dangerous. They afford a great deal of latitude in which to operate. They also tend to be very charismatic to the people they need to charm, and monstrosous to those they want to control. Individuals with this much power frequently end up being the focal point of corruption in their companies. They are, by nature, the people most likely to believe that the rules don’t apply to them, and they have a way of infecting the company culture through their outward persona and influence.

So, how can businesses keep these individuals in check? The important work of reining in these superstars begins with the board of directors. Boards cannot allow themselves to be dazzled by strong profits at the potential expense of the company’s reputation and ethical compass. They must not take the credentials or financial target-based performance of entrepreneurial executives at face value, but should instead focus on their working methods. They must also pay close attention to deviations from corporate culture, established strategy, and policies and procedures. Some superstars maintain and expand their power by carving out fiefdoms within the company, and then promoting fear and silence within their mini-empires. In response to this, board-members need to open their eyes and ears: listen to the messages sent by whistle-blowers, representatives of gatekeeping functions, internal audits, and investigations. Misconduct may be inevitable, but scandal is not. By heeding the early warning signals and having the courage to hold leaders accountable, directors can play a critical role in protecting their companies from those – like Ghosn – who can do so much damage.

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Growthfinance.co
Ambitious growing businesses need to learn about their financial options. With innovative lenders changing the landscape for SME finance, there are more choices than ever before.

Businesses have choices
Although the UK is home to many start-ups, we tend to struggle growing and scaling our businesses.

The past ten years have seen a surge in finance providers servicing the needs of SMEs, necessary and welcome innovations and interventions post financial crisis and in its wake a community of growth finance providers has emerged.

With them, they bring an array of financing to support growing businesses, including options such as peer-to-peer lending, invoice financing and venture debt. More than 50 new banks have been given licenses in the UK since 2008, with many of these new market entrants focusing their efforts on making things simpler, better and quicker for SMEs.

But education hasn’t kept pace with innovation. Even though SMEs have much more choice to help realise their ambitions, relatively few are aware of everything that’s available, from who, and the differences between them. Too many still believe that their business isn’t suited for finance, and a significant majority shun finance due to fear of rejection. But in reality, many of the new growth finance providers are unencumbered by the legacy issues that have held back established lenders from supporting SMEs. Growth finance is now very attainable and approval rates are high.

This short guide is a starting point and an excerpt from our new and upcoming 64-page Guide to Growth Finance. In this supplement you’ll find a breakdown and comparisons of the main types of growth finance, expert commentary from leading growth finance providers, and advice and tips if you think your business could benefit from borrowing. I hope you enjoy the read.

GUY TOLHURST
Managing Director, Intelligent Partnership

LOANS & OVERDRAFTS
A wide range of high street banks and new challengers provide loans and overdrafts to businesses of all shapes and sizes.

ASSET-BASED LENDING
Businesses with large assets can free up cash by raising finance against them, using the cash to fuel their future growth.

PEER TO PEER LENDING
Online platforms link multiple lenders to businesses that need finance, often providing loans quickly when other lenders can’t, due to legacy issues.

VENTURE DEBT
This hybrid product allows fast-growth startups to borrow in between equity rounds, helping them to increase their valuation further down the road.

LEASING & HIRE PURCHASE
Leasing companies allow SMEs to rent assets for an agreed period of time, saving a business from having to buy them outright.

DIRECT LENDING
Non-bank lenders often offer finance to SMEs directly, helping to diversify the market and provide growing businesses with more options.

INVOICE FINANCE & FACTORING
Specialist lenders can free up cash by ensuring that a business gets paid its outstanding invoices in a timely fashion.

EXPORT FINANCE
For companies hoping to sell their products and services abroad, banks and government offer a wide range of support.

Find us online growthfinance.co GPAwards intelligentpartnership
First steps: things to consider

The things a growing business should focus on as it weights up growth finance.

<table>
<thead>
<tr>
<th>How does an SME arrange growth finance?</th>
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<tr>
<td>1 Do it yourself</td>
</tr>
<tr>
<td>Approach a growth finance provider and start a discussion about your business’s needs.</td>
</tr>
<tr>
<td>2 Hire a professional</td>
</tr>
<tr>
<td>Hire a part-time or full-time finance director or corporate financier to guide the company’s financial strategy.</td>
</tr>
<tr>
<td>3 Join a network</td>
</tr>
<tr>
<td>Join one of the UK’s business associations and benefit from their advice, resources and networking.</td>
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</table>

IS DEBT OR EQUITY BEST?

First things first. If your business needs external capital to grow, then make sure to decide whether debt or equity funding is best.

Debt includes products like loans and overdrafts, with which a business borrows money from a lender and then pays it back in regular instalments with interest.

Equity involves selling shares in a business to investors. Whether to choose one or both, depends on the stage that a company is at; the type of business it is; what it plans to use the proceeds for; as well as its mission and growth plan.

There are advantages to both. Punding a business with debt alone means that its owners can hold on to all of the company’s shares and shape its future without having to answer to new shareholders. On the other hand, an owner is willing to sell shares in their business, they can free up capital for long-term investment. And especially in the early stages, it may allow a growing business to find experienced, hands-on investors who will use their knowledge and experience to help it grow more successfully.

GRANTS

If your business is eligible for a grant, then consider applying for one. After all, it’s better to fund your business with money that you don’t have to pay back.

There are many different grant schemes available to growing businesses, from many different sources, with the majority of them being public-funded. Some are focused on helping businesses at a specific stage in their growth journey. There are also grants designed to stimulate research and development, while others are geared towards certain regions of the country.

PERSONAL GUARANTEES

For loans to early-stage businesses, lenders often require a personal guarantee from the business owner.

This means that if the business defaults on the loan, the director is personally liable to repay the amount owed. For obvious reasons, this is something to consider carefully before taking out a loan.

Terms will vary on a case-by-case basis, so make sure that you’ve established exactly what you are liable for.

Lenders want to know that a business will be able to pay them back. They usually require documentation that shows the business is generating the cash it needs to meet repayments for a loan. At a minimum, this usually includes:

- The amount a business wants to borrow
- Details on how the business will use the loan
- Information about the company's business plan
- Personal information about the directors
- The company’s net profit (if an established business)
- The company’s annual turnover (if an established business)
- The forecasted annual turnover (if a start-up)
- Annual turnover (if an established business)
- Information about all the business debts

It might be worth considering getting legal advice before agreeing the loan.

The good news is that there are ways to reduce personal risk. The size or duration of the guarantee can be negotiated, and sometimes personal guarantees can be capped at an agreed amount.

For example, elements of the guarantee can often be negotiated if the bank is comfortable that an entrepreneur is also invested in the business—perhaps by part-funding the company through their own savings.
Getting your house in order

What sorts of things will a growth finance provider want to know about your business?

1. HOW MUCH MONEY DO YOU NEED?
   - Have a precise figure worked out
   - Make it clear exactly how the proceeds will be spent
   - Explain how the spending will drive future growth

2. WHAT IS THE GROWTH STRATEGY?
   - Help a lender understand where you want the business to be in the future
   - Create financial projections, including sales and cash flow forecasts, as well as budget
   - Do you plan to borrow again in the future?
   - Will you sell equity at some point?

3. HOW IS THE BUSINESS PERFORMING?
   - Prepare detailed financials from previous years
   - Include information such as spending, cash flow, revenue and profit
   - Help lenders to understand your journey so far

4. HOW DOES THE BUSINESS DIFFER FROM ITS COMPETITORS?
   - What makes your business stand out compared to others
   - How will you make sure you operate effectively with them?

5. WHO ARE THE CUSTOMERS?
   - Tell potential lenders about your customers and how you provide them
   - How will the market grow or develop in the future?
   - How will your business keep offering them products or services that they want?

6. WHO ARE THE KEY PEOPLE?
   - What is your background and what is your role in the business?
   - What about the other senior people?
   - How will you be hiring as the business grows?

7. ARE THERE ANY HURDLES HEAD?
   - Be upfront about any areas of vulnerability
   - Think about how your customers’ behaviour might change in the future, whether your costs could increase, or whether your market could become more competitive

Access the full version of A Comprehensive Guide to Growth Finance at GrowthFinance.co.uk

HOW THE KEY TYPES OF GROWTH FINANCE COMPARE

<table>
<thead>
<tr>
<th>LOANS &amp; OVERDRAFTS</th>
<th>P2P BUSINESS LOANS</th>
<th>LEASING &amp; HIRE PURCHASE</th>
<th>INVOICE FINANCE &amp; FACTORING</th>
<th>ASSET BASED LENDING</th>
<th>VENTURE DEBT</th>
<th>DIRECT LENDING</th>
<th>EXPORT FINANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical deal size</td>
<td>£10,000+</td>
<td>£10,000-£50,000,000 (more if secured)</td>
<td>Depends on the asset being leased</td>
<td>£50,000</td>
<td>&lt;1m</td>
<td>£1m-£5m</td>
<td>up to £5m</td>
</tr>
<tr>
<td>Typical interest rate</td>
<td>5%-10%</td>
<td>5%-10% (often lower than bank loans)</td>
<td>5%-10%</td>
<td>3% fee</td>
<td>5%-10%</td>
<td>10%-15%</td>
<td>5%-10%</td>
</tr>
<tr>
<td>Typical term</td>
<td>6 months - 5 years</td>
<td>6 months - 5 years</td>
<td>Short or long-term</td>
<td>50 days</td>
<td>&lt;10 years</td>
<td>3-5 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Secured or unsecured?</td>
<td>Either (but affects interest rate &amp; loan maximum)</td>
<td>Either (but affects interest rate &amp; loan maximum)</td>
<td>Secured</td>
<td>Raised against invoices</td>
<td>Secured</td>
<td>Either</td>
<td>Usually secured</td>
</tr>
<tr>
<td>Best suited for long-term or working capital?</td>
<td>Loans = long-term, working capital</td>
<td>Long-term</td>
<td>Either</td>
<td>Working capital</td>
<td>Long-term</td>
<td>Long-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>What stage does your business need to be?</td>
<td>Established</td>
<td>Established</td>
<td>Any</td>
<td>Established (also needs invoices)</td>
<td>Established</td>
<td>Early</td>
<td>Established</td>
</tr>
<tr>
<td>What is the min business turnover?</td>
<td>£1m</td>
<td>£50,000</td>
<td>Any</td>
<td>£100,000 per year (less with some newer lenders)</td>
<td>Yes</td>
<td>Often provided before company is generating profit</td>
<td>£10m</td>
</tr>
<tr>
<td>Who provides it?</td>
<td>Banks, challenger banks, specialists, government</td>
<td>Online platforms</td>
<td>Specialists</td>
<td>Banks, challenger banks, online platforms, specialists</td>
<td>Banks, challenger banks, online platforms, specialists</td>
<td>Specialists</td>
<td>Direct lending funds</td>
</tr>
<tr>
<td>Does it come with support for business owners?</td>
<td>Rarely</td>
<td>Rarely</td>
<td>Rarely</td>
<td>Can involve management of credit controls</td>
<td>Rarely</td>
<td>Yes if investor is hands-on</td>
<td>Rarely</td>
</tr>
<tr>
<td>Combines well with equity funding?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, but often involves purchase options so can affect future raises</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Taking your business to the next level by tackling financial challenges

JOSH LEVY, CEO, Ultimate Finance

Looking back, most business owners would say that they have been plagued by suppliers making late payments. It has long been an issue for their cash flow and one that doesn’t look like it is going to go away anytime soon.

Research by BACs revealed that it costs SMEs $6.7bn just to collect the money owed to them from overdue invoices. In 2017, when the government introduced its ‘Due for Report’ legislation with the explicit aim of tackling late payments, the figure was an already alarming figure. On top of this, government research highlights a shocking trend: as 82% of businesses admit that not getting paid at all for their work is a significant issue. Clearly, current regulation isn’t working.

Regulation with teeth

Change is coming though – it was announced in June that, for the first time, the Small Business Commissioner could have the power to fine large corporations for failing to pay smaller suppliers. Entire company boards may be held accountable too, rather than just the finance team who may have their hands tied by execs in certain situations.

It’s a welcome initiative but, it would be naive to think the issue will disappear completely overnight. This is why a solution which relieves the stress of slow payments, so that a business’s growth is not hampered, is often a necessity.

Invoice Finance

This is where Invoice Finance enters the fray, providing a way to release the money tied up in a company’s sales ledger. Rather than waiting for customers to pay their balance, it helps businesses control cash flow and accelerate planned growth. Employers and suppliers can always be paid on time and there is no need to hold back on scaling up and reinvesting in operations.

It’s quick and easy to set up and within 24 hours the business will be advanced a significant percentage of the money that they owe (often up to 90%): 60%.

So, instead of having to plan around a gap in finance, businesses will gain access to much needed cash almost instantly.

At Ultimate Finance, we don’t stop at simply providing funding. It can take a considerable amount of time pursuing outstanding payments, so as part of this service, we also chase debtors on our clients’ behalf to make sure we’re taking every step possible to remove the barrier. That way, SME leaders can retain control over their cash flow while focusing on building and progressing the business.
Supporting growth through innovation

Innovations need different types of funding support depending on how close they are to market.

NIGEL WALKER, Director, Innovate UK

The world is changing rapidly, in terms of technology, politics and societal trends. More than ever, the UK’s ability to thrive in the face of change depends on ideas, with innovative companies driving a productive, growing economy and solving the challenges we face as a society.

Innovation is risky, though, and the lack of funding available to innovative businesses at the right time is a barrier to their productivity and growth. To support these risk takers, Innovate UK is running a pilot programme of £2.2 million over 3 years to the end of 2020. A total of 50 million has already been committed to 73 highly innovative small and medium-sized enterprises (SMEs) and a further 25 million is available in 2 further competitions.

We are working to broaden the range of innovation finance support available to businesses, so they can access funding at all stages of innovation. Innovation loans are, we believe, most useful for innovations near to market, whereas grants are more suitable for earlier stage, riskier innovations.

Through the pilot, we are offering innovation loans to UK SMEs that want to scale up and grow by developing new or improved products, processes or services. They can be used for late-stage research and development projects that have not yet reached the point of commercialisation.

Over the last 12 years Innovate UK has invested over £2 billion in innovation. This has spanned more than 11,000 projects that have generated up to 16 billion in Gross Value Added for the UK economy and 70,000 jobs.

We have delivered these results by supporting businesses to develop and commercialise ideas drawing on their own know-how or research, from the UK’s world-leading research base, and through collaboration with partners.

Our new strategy takes more of an investment-driven approach to innovation. It focuses much more closely on creating the conditions for private investment in R&D, on creating an enabling environment by championing and assisting industry to innovate, on nurturing the sectors and technologies that will transform the UK, and on encouraging innovation in all businesses with the potential to grow and scale, right across the country.

Innovation loans are an example of how we are moving to make the most of public funding, ensuring maximum impact as an investor in business innovation.

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T IS not the same as York but nearby Doncaster has its own charms, particularly during the four-day William Hill St Leger Festival.

The highlight of the meeting, the world's oldest Classic on Saturday, could have a big impact on the destiny of the trainers' title with John Gosden and Aidan O'Brien battling it out.

We'll look at that race in detail tomorrow, but Gosden could add a few more pounds to the kitty this afternoon with Enbihaar in the Group Two DFS Park Hill Stakes (2.40pm).

Jim Crowley's mount has won three of her four starts this campaign, including a dominant display in the Group Two Lillie Langtry Stakes at Glorious Goodwood last month.

She should take the world of beating, but it's not going to be an easy task to concede 10lbs to Ed Vaughan's Dame Malliot so it's just a race to be watched for.

A better bet is CLOAK OF SPIRITS at 6/5 with Coral in the Group Two William Hill May Hill Stakes (3.45pm), with the king of Town Moor, Andrea Atzeni, in the saddle.

Richard Hannon's daughter of Invincible Spirit produced an outstanding performance on debut at Ascot back in July where she looked a star in the making.

An entry in next month's Group One Fillies' Mile indicates what Hannon thinks of her and she can book her place in that with a win here.

The biggest danger could well be Mark Johnston's West End Girl who won the Group Three Sweet Solera Stakes at Newmarket on her last start.

That was a good effort after her previously unlucky run at Sandown and I would fear her more than Passion who will have to step up on her Cork maiden success.

With so much prize money on offer for the Weatherbys Racing Bank £300,000 2-Y-O Stakes (3.15pm), it is no surprise to see O'Brien fire three bullets at the pot.

With so much prize money on offer for the Weatherbys Racing Bank £300,000 2-Y-O Stakes (3.15pm), it is no surprise to see O'Brien fire three bullets at the pot.

Cloak Of Spirits was mighty impressive on debut at Ascot in July with James Doyle in the saddle.

However, I am going to take on the king of Town Moor, Andrea Atzeni, in the saddle. The son of Zebedee was arguably un

ATZENI WILL PUT PUNTERS IN FINE SPIRITS AT DONNY AGAIN

He sneaks in here at the foot of the weights off just 8st 6lbs and looks to be crying out for this sort of trip.

While on the subject of those potentially leniently treated because of their relatively cheap purchase price, it may also pay to take a small each-way chance on SKONTONOVS LI at 14/1.

There aren't many better trainers of juvenile around than Richard Spencer and this son of Harbour Watch shaped well last time suggesting a drop back to this trip would help.

Admittedly, he is in much deeper waters here, but he is worth taking a chance on for his shrewd connections.

There is also a bet to be had after the ITV cameras have been turned off, as I like the look of SAVALAS in the Silk Series Lady Riders' Handicap (4.20pm) at 14/1.

This race is for pro-am female jockeys, so it has to be of interest that the in-form Kevin Ryan has booked Josephine Gordon, as well as reaching a crucial point.

Water's here, but he is worth taking a look at the pot.
AST month it emerged that Raheem Sterling was being courted by Air Jordan, the Nike sub-brand reported to be considering making him the face of a new range of football boots in a £100m deal.

If anyone was in any doubt why Sterling is in line for one of the sport’s most lucrative ever boot deals then they only needed to tune in to England’s extraordinary 5-3 win over Kosovo on Tuesday. Teenager Jadon Sancho may have grabbed some of the headlines with his first two goals for the national team but it was Sterling who ran the show in his most scintillating display yet for the Three Lions.

Of England’s five goals, Sterling scored one and set up three more. He made nine dribbles and had five shots. But numbers alone do not capture the extent of his influence on this chaotic game. The Manchester City player glided across the turf at St Mary’s, slicing a gung-ho Kosovo side to shreds. Every time he ran with the ball it looked sure to end in a goal. Often it did.

Sterling’s importance to England is not new. He was their best performer, too, when despatching Bulgaria 4-0 on Saturday, and in the previous two Euro 2020 qualifiers. But he has now eclipsed Harry Kane as Gareth Southgate’s most indispensable figure. This qualifying campaign may not pose the greatest test, but with England’s midfield unable to pierce even these workmanlike defences it is Sterling who provides the cutting edge.

One plucky youngster asked for and received his boots. That footwear is very much in demand.
England need to make case for the defence

England’s high-scoring wins over Bulgaria and Kosovo will have left Gareth Southgate broadly happy, although the Euro 2020 qualifying double-header did highlight their shortcomings. They were always going to take six points from these fixtures – anything else would have been a huge shock – but I’d suggest Southgate would have expected two clean sheets as well. While England achieved that in Saturday’s 4-0 stroll against Bulgaria, Tuesday’s 5-3 victory over Kosovo laid bare how defensively lax they can be. They simply have to get mentally stronger.

England defended badly both individually and as a group. It felt complacent, as though they believed they were playing so well that they would simply roll the opposition over. But they looked really uncomfortable in the face of Kosovo’s high press, which hustled Michael Keane into handing the visitors a surprise lead inside 35 seconds. The hosts looked shaken and embarrassed. The positive is that they reacted very well, running in five goals before half-time.

INVALUABLE COG

I like the look of the defence on paper but they need more minutes together, and while Harry Maguire is nailed on for the left centre-back slot there remains a question mark over who partners him. It looks to be between Keane and John Stones. The former is guilty of lapses of concentration, as on Tuesday, but so is the latter. While both are good players, I’d lean towards Stones because of his superior ability on the ball.

Southgate’s midfield is also very much a work in progress. Jordan Henderson is an invaluable cog in the machine so his place is safe, but the other two spots are up for grabs. At 20, Declan Rice is still learning the game, while Ross Barkley has not yet shown that he can be the dominant creative player – the Kevin De Bruyne – that England need to become a great team. Barkley is 25 but against Kosovo was still playing blind flicks around the corner. You don’t do that at international level; you get a hold of the ball, link up and go again. England’s midfielders ought to look to Raheem Sterling and the improvement he has made. It can only be admired and they need to make the leap in performance that he has. Maybe Mason Mount or James Maddison will prove a better option than Barkley, although I still think he can be that player if he irons out the creases still blighting his game.

With four qualifiers left to play and nine months until Euro 2020, the big picture is that England have a really good squad now. Southgate has been bold and has built well. I like the energy – they have a level that is guaranteed whoever comes into the side. The front three of Sterling, Harry Kane and Jadon Sancho is as good as anything in international football. But as these two games showed, the men behind them need to find an extra ten per cent.

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

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England’s path to World Cup glory in Japan is longer and more arduous than most, writes Michael Searles

F ENGLAND needed any reminding of the logistical hurdles to winning the World Cup, they received it on Monday when they were held up at Tokyo Narita Airport for six hours on their arrival to Japan due to travel chaos caused by Typhoon Faxai.

Eddie Jones’ side already had one of the most demanding schedules at the tournament, which starts next week, with the team set to travel thousands of kilometres around Japan – considerably further than most of their rivals for the trophy – to play their fixtures.

England’s opening match against Tonga on Sunday 22 September takes place in Sapporo, by far the tournament’s most northern host city, before they must fly more than 1,000km south to Kobe to face the USA just four days later.

There will be some respite when England head 400km east to play Argentina in Tokyo on 5 October, before a week later facing France in nearby Yokohama’s 72,000-seater stadium.

But should they qualify as expected for the quarter-finals, where a likely encounter with Wales or Australia awaits, England will be required to travel almost 800km to southwest Osaka – and if they win, then cover the same distance back to Yokohama for a semi-final and potential final.

England’s additional travel burden, along with the eight-hour time difference and alien environment, means the role of strength and conditioning coaches will be particularly important over the coming weeks.

CRAMPED AND BORED

The first problem they must overcome is jetlag. “For every time zone travelled they will need a day to acclimatise,” says Professor Craig Twist of the University of Chester.

“For some players this will be worse than others, but the team will have a strict strategy in place. Often it will be behavioural – focusing on nutrition, hydration, stretching – and it will be well prepared in advance.”

The changes in routine and culture could contribute to an “initial fatigue”, and so the team are likely to train lightly to begin with. They then face the challenge of taking multiple short-distance flights around the country in between games.

“More time on planes and buses is not really conducive to good recovery,” says Professor Ian Jeffreys of the University of South Wales. “Although it could be that a short flight in business class is more conducive than what looks like a shorter journey but takes longer on a bus.”

While it is not known whether England will fly chartered or standard flights, they will likely spend plenty of time on both planes and buses. Jeffreys points out that targeting emotional and psychological recovery during this time will be just as important, if not more, than the physical.

Fellow conditioning expert Twist agrees.

“Travel fatigue can occur from lots of short-distance flights,” he says. “There’s little evidence of any physical effects, it’s mostly psychological and comes from being cramped and bored on the plane.

“It will be about doing things like making sure the bigger players have extra leg room and getting them to do some very light exercise. One of the biggest things we’ve observed is that getting the players to buy into it and giving them ownership over that process can help.”

England found an unconventional way to deal with the tedium this week when players staged an impromptu game of cricket while they waited at the airport.

But each individual will have different requirements for recovery and many of the methods used to mitigate the impact of travel, back-to-back matches and heat will have already been decided.

“For all teams it will be educated guesswork because it’s not an exact science,” says Jeffreys, vice president of the National Strength and Conditioning Association. “They will have used training camps to replicate some of the challenges they are going to get.”

England did just that when they flew from a camp in Treviso, Italy to Newcastle last week to play at St James’ Park. Detailed planning will be key, Jeffreys says, suggesting they will have looked at individual recovery rates as part of the selection process as well as drawing up provisional starting XVs based on the fixture list.

“The typical approach in rugby is to give players options for their recovery, like doing some recovery training the next day,” Twist says. “Often now a points system is used where players can select different activities for recovery but must accrue a certain number of points.”

COMPRESSION SUITS

Travel and turnaround issues face all teams, but England will be burbled at least 3,050km around the country, while Wales and Ireland’s games are all located centrally or in the south west and would both travel fewer than 2,000km if they went all the way.

Champions New Zealand’s itinerary is similar in length. France, who are in England’s pool, could have to travel even further than Jones’ men, while Australia appear to have the biggest burden in a potential 3,590km trek. South Africa, Scotland and the hosts face total journeys of 1,000km or less.

For each team logistical plans will be hugely important, planning whether to fly out following a match or sleep first and incorporate a training or match analysis session beforehand. Preparing for the next game will be just as important as recovery, but preventing injuries could be the most important aspect of all.

“The unfortunate thing is injuries will play a huge role in who wins,” Jeffreys says. “An injury to a key player, like Johnny Sexton with Ireland, and confidence starts to sap, it results the wrong way, and then your strategic ice baths and compression suits aren’t really going to account for those elements.”

While behind the scenes Jones’ team will be doing everything to minimise the impacts of travelling, the majority of work will have been done in the form of thoroughly planning England’s schedule before even flying out to Japan. To win, though, they may just need a little bit of luck too.
Bayliss leaves lopsided England legacy

Outgoing England coach led his side to World Cup glory but Tests suffered as a consequence, writes Felix Keith

TODAY’s final Ashes Test match at The Oval marks the end of Trevor Bayliss’s four-year tenure in charge of England and, naturally enough, the landmark has prompted an assessment of his work by others.

The man himself rates his time in charge as a five out of 10 – a straightforward-middle judgement which is fairly in keeping with his overall persona. Bayliss has been a hands-off, laid-back figurehead of England since May 2015, establishing an environment for the players and coaching staff, rather than being an old-school, dictatorial leader.

“I’ve probably taken a step back on purpose because we have plenty of coaches and they’re all hands-on,” was how he described his work this week. “How do you find time for everyone to be hands-on? It’s not as if I just let it flow without anything happening.”

That coaching philosophy has drawn criticism of late, with England’s failure to win back the Ashes understandably raising the question of where it went wrong.

Could the playing group have benefitted from a more regimented approach? Should the man at the top of the tree fit the literal bill of being a “head coach” instead of resembling a wise, reserved mentor?

WHITE-BALL FOCUS

It’s inarguable that Bayliss has fallen short in some areas and, with his departure coming, whether England win or lose this week, directly after an Ashes disappointment his legacy will be tarnished by recency bias.

But ultimately England got exactly what they signed up for. After the embarrassment of failing to get out of the group stages at the 2015 World Cup, England, under new director of cricket Andrew Strauss, prioritised improvement in 50-over cricket.

“I prefer Test cricket,” Bayliss insisted. “I’ve been lucky enough to be in charge of a few white-ball teams that have done well and that was the biggest area England had to turn around when I arrived. The way they played in the World Cup made a big deal of us having to do better and that became the focus. But when Straussy rang me the priorities were 50-50 for white-ball and Test cricket.”

Despite Bayliss trying to retrospectively cover his employers’ tracks, everything was geared towards the 2019 World Cup on home soil, and to quote Kiwi commentator Ian Smith’s memorable turn of phrase, they succeeded by the barest of margins.

INNOVATION

It was a fitting conclusion to a four-year spell of sustained improvement, innovation and boundary-pushing – and it is borne out in Bayliss’s record.

In One-Day Internationals the 56-year-old Australian has a wonderful record, which reads: played 88, won 62, lost 24, drawn two, while 15 of England’s 20 totals over 350 in ODIs have come under his tenure. However, that revolution, which has seen the likes of Alex Hales, Jason Roy, Jonny Bairstow, Eoin Morgan, Ben Stokes and Jos Buttler redefine ODI batting, has bled across into the Test arena where batting collapses, like the 67 all out at Headingley, have become a regular occurrence.

His team have been bowled out for under 100 four times in Tests, compared to just once in the five years prior to his arrival. That frailty has contributed to his overall record in the longest format of played 58, won 26, lost 25, drawn seven.

England were fifth in the Test rankings when he took over in 2015, and unless they win at The Oval, they will drop back to fifth upon his departure.

“It’s true Test cricket hasn’t gone as well as we would have liked but even though we’ve had more wins than losses,” Bayliss said. “Trying to create the depth in our Test ranks that we have in our white-ball side has been a challenge and will continue to be.”

Finally, a coach who could have dragged England into the modern age of white-ball cricket to peak this summer, while simultaneously coaching completely different skills to the Test side was a tricky brief.

In the shadow of a first home Ashes failure since 2001 it is hard to say it, but Trevor Bayliss, through his unique, seemingly detached style, has delivered what was asked of him.

Bayliss leaves lopsided England legacy

NO LET UP Australia ready for Ashes ‘Grand Final’ against England

ROY DROPPED FOR FINAL TEST AFTER POOR FORM

England have dropped Jason Roy and Craig Overton and brought in Sam Curran and Chris Woakes for the final Ashes Test against Australia at The Oval today. Roy has been taken out of the firing line after scoring just 110 runs in eight Ashes innings, while Woakes replaces Overton in a straight swap from the defeat at Old Trafford.

Ben Stokes will play as a specialist batsman due to a shoulder injury, with Surrey all-rounder Curran taking up the role as fifth bowler. England have failed to regain the Ashes, but can still tie the series at 2-2 with victory.

BROWN: I’M STILL THE BEST FULL-BACK ENGLAND HAVE

Mike Brown says he is still the best full-back available for England despite missing out on World Cup selection. Brown, 34, was involved in pre-tournament training camps but wasn’t selected in Eddie Jones’s 31-man squad for the tournament, which starts in Japan next week. “I feel like I’m the best English full-back, and I think I showed that last season,” he told BBC Radio 5 Live. “I still think my game is changing and evolving all the time, and my body still feels good.”

GUNNERS PLAYERS WARNED AFTER ATTACK ON OZIL

Per Mertesacker says Arsenal have spoken about the threats footballers face after the attack on Mesut Ozil and Sead Kolasinac. The Gunners duo were caught up in an attempted carjacking by masked men in July and academy manager Mertesacker revealed steps have been taken to ensure it doesn’t happen again. “The major part is what you drive, what you wear in terms of your jewellery,” he said. “So you need to be risk-aware in those days that anything can happen at any time. These are examples you are trying to avoid.”

COLEMAN HITS BACK OVER ANTI-DOPING ACCUSATIONS

American sprinter Christian Coleman has hit back at authorities after being accused of breaching anti-doping regulations. Coleman was facing a one-year ban after missing three whereabouts checks in 12 months. The UK Anti-Doping Agency dropped the case. The 23-year-old admitted the failures were due to him forgetting to say where he was, but accused Usada of “going after the biggest name in the sport” and leaving him with “a smear on my reputation”.

MCILROY BEATS KOEPKA TO PGA PLAYER OF THE YEAR

Rory McIlroy has won the PGA Tour Player of the Year award for the third time in his career. The 30-year-old beat world No1 Brooks Koepka to the award, despite the American winning the PGA Championship. McIlroy scooped the FedEx Cup title last month to cap a consistent season.
WHO DO WE THINK WE ARE? WE TALK FOR ENGLAND ABOUT THE LIKELIHOOD OF AN INDIAN SUMMER OVER CUPS OF KENYAN COFFEE. WE DRINK BELGIAN BEER FOR DUTCHE COURAGE BEFORE CHEERING ON EGYPTIAN STRIKERS.

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