LEADERS MAKE THEIR CITY PITCH

Because we believe emphatically in fiscal prudence... I announce today that we are postponing further cuts in corporation tax.

We believe that any form of Brexit, whether it’s hard or soft, blue or red, will be bad for jobs, businesses and our public services.

If a Labour government is elected on 12 December, you’re going to see more investment than you ever dreamed of.

STEFAN BOSCIA AND HARRY ROBERTSON
@Stefan_Boscia @henrygrobertson

THE THREE major party leaders made their election pitches to the business community yesterday as they addressed the CBI conference in London. Boris Johnson was the first to take to the stage at the annual conference, delivering a shock announcement that the Conservatives had shelved plans to cut corporation tax next year from 19 to 17 per cent. The Prime Minister said the U-turn was made to free up £6bn in funding for the NHS as “the nation’s priority”.

The bitter pill was partly sugar-coated by Johnson’s confirmation that the Tories would reduce business rates, lower national insurance contributions for 500,000 employers and increase the scope of research and development tax credits. Labour leader Jeremy Corbyn was met with a decidedly frosty reception at the conference, despite claiming an “investment blitz” would create fresh business opportunities under a Labour government.

It came just days after the party pledged to expand its widespread nationalisation plans to include BT’s Openreach network at a cost of at least £20bn. Corbyn made his pitch to businesses by saying Labour’s Brexit policy would provide “the certainty of a customs union and access to the single market”.

The Labour leader also declined to name a single FTSE 100 firm which he felt was doing “good for community and society” when asked by Sky News. Meanwhile, Jo Swinson declared the Liberal Democrats were now “the natural party of business”. She sought to appeal to bosses who felt let down by the Tories and threatened by Labour, adding: “We’re the only ones standing up for you.”
Mistletoe and mine

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Representative example

<table>
<thead>
<tr>
<th>Device Name</th>
<th>Duration of agreement</th>
<th>Upfront cost</th>
<th>Monthly Device Payment</th>
<th>Total Credit Amount</th>
<th>Total Amount payable for device</th>
<th>Interest Rate (Fixed)</th>
<th>APR</th>
<th>Device Cash Price</th>
<th>Airtime Plan, today to March 2020</th>
<th>Airtime Plan, April 2020 to March 2021</th>
<th>Airtime Plan, April 2021 to March 2022</th>
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<td>£429</td>
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</tr>
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Each year your Airtime Plan will be adjusted on your April bill by the RPI rate of inflation announced in the preceding February. Find out more at o2.co.uk/prices, £16.37 Device Plan for 36 months and £71 monthly Airtime Plan. 02 Refresh custom plans: Direct purchase only. Pay the cash price for your device, or spread the cost over 3 to 12 months (subject to status). The device cost will be the same whatever you choose. There may be an upfront cost. You need a monthly rolling Airtime Plan as long as you have a Device Plan. Pay off your Device Plan at any time and you can choose to keep your Airtime Plan, upgrade, or leave. If your Airtime Plan ends for any reason you will need to pay your Device Plan in full. Devices are subject to availability. 0% APR. Finance subject to status and credit checks. T&Es apply, see o2.co.uk/terms
Leaders bid to charm top bosses at CBI bash

The ELECTION campaign intruded on the CBI’s annual conference yesterday, making the event even more political and even less about business than it otherwise would have been. That said, the topics slotted into the agenda around the political speeches focused mostly on climate change, inequality, profit with purpose (Justin Welby was on stage for that) and mental wellbeing. Interesting topics, and there were a couple of panels on the global economy and technological change, but even without the political pitches this wasn’t exactly a festival of capitalism. A sign of the times, perhaps. As for the politicians, the Prime Minister was up first, promising to reform business rates and cut employers’ national insurance contributions. He also revealed that the planned corporation tax cut (from 19 to 17 per cent) will be postponed – in order to splash a bit more cash on (you’ve guessed it) the NHS. Businesses were, in the words of the CBI president John Allan, “disappointed but not devastated”. It’s true that there’s been no great clamour to reduce the corporation tax rate. It’s the more interesting voices in this debate have favoured reform over reductions. However, Johnson’s move shows the Tories are worried about fighting a defensive campaign on tax cuts for business while Labour hammer away on the NHS. It also makes it all but impossible for Tories to claim in the future that lower tax rates yield higher revenues. The calculation appears to be that the party doesn’t need to run the risk of committing to tax cuts, since Jeremy Corbyn isn’t competing with them on that pitch. The Labour leader turned up to the CBI conference with a message that he wasn’t anti-business but, thanks to a question from the audience, ended up having to insist that he wasn’t antisemitic. And then there was Liberal Democrat leader Jo Swinson, who keeps telling us that she’s running to be Prime Minister. She had to contend with an audience member who said that even though he liked her, he couldn’t do anything other than vote Tory since he was so scared about letting in a Corbyn government. She was well received, but then again if her “cancel Brexit” message didn’t land well at a CBI conference, where would it be? Business leaders absorbed the promises and policies pledged by the three would-be PMs, but will ultimately face the same choice as the rest of us: which party do you trust? the policies pledged by the three would-be PMs, but will ultimately

Augmented reality to add £62.5bn to British coffers

Three per cent increases in GDP and the addition of £62.5bn to the UK economy in the next decade, as businesses embrace innovation in the workplace. More than £44bn of the 2.44 per cent injection to UK GDP will come from AR, according to research published today by PwC. The technology is used by the likes of Snap and Instagram to present graphics, data or objects in the real world through a mobile device or headset such as smart glasses. AR is already being utilised by workers to show diagrams alongside complex processes such as engineering repairs, or to allow site managers to visualise a workplace and spot safety hazards in real time. Virtual reality (VR), which immerses the user in a fully digital environment through the use of a headset, is set to provide £18.1bn to the British economy by 2030. The sectors have attracted increasing attention from tech giants seeking to better serve businesses, such as Microsoft which repurposed its Hololens 2 headset towards enterprise earlier this year. “Organisations need to look beyond the software development stage and focus on designing the solution to solve a specific business issue,” said Jeremy Dalton, head of VR and AR at PwC. “VR and AR can be used to speed up processes, improve safety, reduce costs or open up new revenue streams... However, the technology needs the full support of key stakeholders in order to fully prosper.”}

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**Financial Times**

**Civil servants warned on ‘cash for access’ event**

The Cabinet Office and Olcom have warned civil servants against attending a paid-for networking event amid complaints that “cash for access” events could block small businesses from government contracts. Potential bidders for government contracts have been offered sessions with civil servants for sponsorship packages worth roughly £4,000 per hour.

**Former Tory minister makes Lib Dem donation**

A former Conservative minister has made a “substantial” donation to the Lib Dems as fears mount among traditional Tory supporters that Boris Johnson could take Britain out of the EU without a deal. Timothy Sambur, former trade minister under Margaret Thatcher and John Major, has donated to the campaign of Sam Gyimah.

**What the other papers say this morning**

**The Times**

**Jamie Oliver tests a new recipe for restaurants**

His Italian food chain may have been taken off the menu in Britain after going bust, but Jamie Oliver is adding a new concept to his expanding overseas restaurant operations. The celebrity chef yesterday launched Jamie Oliver Kitchen, an all-day dining concept that will offer “accessible food from a diverse menu.”

**Pernod Ricard staff sue firm in alcoholism row**

An employee of Pastis maker Pernod Ricard has taken the firm to court for allegedly placing him with so many drinks that he became an alcoholic. Two colleagues have backed his case.

**The Daily Telegraph**

**Insurance boss hit with fine for payouts to wife**

An insurance boss has been fined more than £154,000 after allegedly concealing payments to his wife as a tax dodge. Stuart Forsyth, chief executive of the Scottish Boatowners Mutual Insurance Association, is accused of diverting more than £200,000 of his pay to his spouse, who also worked at the company, in a bid to reduce his tax bill.

**EU fossil fuel investment ban to hurt energy firms**

The European Investment Bank's recent decision to phase out funding for fossil fuel projects could have far-reaching implications for energy companies, a number of experts have warned.

**The Wall Street Journal**

**Sony strikes game show network deal with AT&T**

Sony Pictures Entertainment is buying AT&T’s stake in Game Show Network for $293m (£212m), a deal that will make Sony the sole owner of the US cable channel. The purchase of AT&T’s 42 per cent stake implies a valuation of about $950m for Game Show Network, which airs quiz shows staples like Family Feud and Deal or No Deal.

**Amex pays to encourage businesses to take cards**

American Express is offering sign-on bonuses to some businesses that do not take its cards in a bid to catch up to rivals Visa and Mastercard. The bonuses reach up to $450,000 ($347,500).
DIRECTORS at First Group have been branded “immature” by major investor and property tycoon Robert Tchenguiz, as shareholders demanded the struggling transport giant launch a full strategic review and sell off its US businesses.

The bus and rail operator is in the process of selling its US coach service Greyhound, but said earlier this year it would make its two other American bus businesses a major focus.

But Tchenguiz, who has a nearly five per cent economic interest in First Group, and private equity firm Coast Capital, which is a 10 per cent shareholder, have both demanded it sell the rest of its US assets.

Tchenguiz, who shares a £20m mansion in Kensington with his girlfriend, his ex-wife and their two children, said: “Clearly, the rationale of a vibrant US business which is being managed in Aberdeen, six time zones away, is not the most effective or efficient management strategy.”

Shares in First Group fell 20 per cent last Thursday as it announced its interim results. Chairman David Martin told shareholders he was “looking at all options” regarding the US assets.

But in a broadside against First’s management, a furious Tchenguiz said this statement was “ambiguous, confusing and misleading”.

He told City A.M. that he had asked Martin on Friday to announce a formal strategic review of the business with a view to selling off the US assets, in a bid to boost shares again, but that Martin had refused.

Tchenguiz said this was “unforgivable”. He added that the refusal was “very immature to be honest”.

First Group said it had been “consistent and clear” that it hopes to drive value.

**MAKEOVER**

Coty snaps up $600m stake in reality star Kylie Jenner’s beauty brand

COSMETICS giant Coty, which owns Rimmel London and Bourjois, has taken a $600m (£462.7m) majority stake in reality TV star Kylie Jenner’s beauty brand. Coty will take responsibility for the development of new Kylie Cosmetics and Kylie Skin products.

The deal will allow Coty to access a younger generation of beauty consumers through Jenner’s more than 270m social media followers.

**Property tycoon Tchenguiz blasts First Group chair**

Alex Daniel

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**EY’s UK partners set to take pay cut after revenue growth stalls**

James Booth

UK PARTNERS at EY are set to take a pay cut this year after the audit firm today announced anaemic revenue growth of 1.5 per cent.

Average partner pay for the year ended 30 June slipped to £679,000 from £693,000 the previous year.

The firm said investments in tech and audit quality and an increase in the number of partners were the reasons for the fall in partner pay. Revenue grew 1.5 per cent to £2.45bn, up from £2.41bn the previous year.

Distributable profit before tax increased to £477m, from £472m last year.

EY’s UK chairman Steve Varley told City A.M. that the results reflected a focus on investing in the firm’s audit quality and its technology and infrastructure.

“This last financial year was an opportunity for some internal tidying up,” he said.

Varley said the firm’s investments should bear fruit this year.
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*24/7 excludes the 6 hours from 10pm Friday to 4am Saturday, and 20 minutes just before the weekday market opens on Sunday night.

City puzzles over delayed tax cuts

STEFAN BOSCIA
@Stefan_Boscia

THE BUSINESS community offered a surprisingly muted reaction to the Prime Minister’s announcement of a delay to a planned corporation tax cut yesterday.

Boris Johnson told the CBI conference that the Conservatives would not cut corporation tax from 19 to 17 per cent next year as planned, and will instead spend the money on the NHS.

CBI director general Carolyn Fairbairn said postponing the tax cut could work under certain conditions.

“Postponing further cuts to corporation tax to invest in public services could work for the country if it is backed by further efforts to [address] the costs of doing business and promote growth,” she said.

Dan Neidle, tax partner at law firm Clifford Chance added: “No one’s really asking for corporation tax to go to 17 per cent. If you asked me to list 20 things to change about corporation tax, reducing the rate would not be one of them.”

However, free market think tanks were united in offering scathing assessments to the U-turn from the Prime Minister’s camp.

Adam Smith Institute deputy director Matt Kilcoyne said it was a “retrograde move”.

“Corporation tax is a particularly poor way of raising government revenue,” he said.

Meanwhile, the Taxpayers’ Alliance said the Prime Minister had “ignored” the public’s desire for lower taxes.

The Taxpayers’ Alliance chief executive John O’Connell said: “In order to boost the economy, pay for first-class public services and put money into the pockets of taxpayers, the leaders of the parties ought to be committing to cutting the tax burden immediately.”

Labour reports Gyimah to police

STEFAN BOSCIA
@Stefan_Boscia

A LABOUR election candidate yesterday reported Tory-turned-Liberal Democrat Sam Gyimah to the police over “inaccurate and dangerous” allegations about her role in the Grenfell.

Emma Dent Coad — a Jeremy Corbyn ally who won the Kensington and Chelsea seat in 2017 — made the complaint after Gyimah told City AM that she and other Kensington Council members were involved in “conversations” around cladding that led to the fire.

Gyimah is standing against Dent Coad in the General Election. Dent Coad referred Gyimah to the police on the grounds that the comments were “inaccurate” and “libellous”.

A new poll from Survation, which correctly predicted 2017’s hung parliament, has bad news for Labour. Boris Johnson leads Jeremy Corbyn by 47 per cent to 17 per cent in terms of who the public believes would make a better PM...

A LABOUR party will today take aim at “obscene” British billionaires once again, pledging a radical redistribution of wealth to cut the power of the super rich. Shadow chancellor John McDonnell will say he wants to “rewrite the rules of our economy” to crack down on tax breaks for political donors.

Jo Swinson’s attempt to cleave her way into ITV’s leadership debate today fell down in the courts yesterday. The Lib Dems and the SNP had brought a legal challenge against the broadcaster’s decision, but two High Court judges ruled ITV was not exercising “a public function” in law when it set the format of the debate. Swinson and SNP bigwigs will have to make do with Twitter.

A new poll from Survation, which correctly predicted 2017’s hung parliament, has bad news for Labour. Boris Johnson leads Jeremy Corbyn by 47 per cent to 17 per cent in terms of who the public believes would make a better PM.

After plenty of speculation that he was already packing his bags, Boris Johnson left the country in no doubt that Sajid Javid would stay on as chancellor if the Tories win the election. The PM gave a “categorical assurance” that the “great guy” and former banker Javid would remain in place. No assurances were given to other senior colleagues, though...

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Labour reports Gyimah to police
US gives Huawei 90-day reprieve on trade outlaw

JAMES WARRINGTON
@j_a_warrington

US President Donald Trump’s administration yesterday issued a fresh 90-day extension allowing American companies to continue doing business with controversial Chinese tech firm Huawei.

In May the US added Huawei to a trade blacklist, citing concerns its technology could be used for spying by authorities in Beijing.

But the US Commerce Department has since granted the tech giant a series of reprieves, and the latest 90-day extension marks the third time US authorities have pushed back the ban.

The Trump administration had previously planned only a two-week reprieve to the ban, but ran into bureaucratic issues and opted for a further 90 days, Reuters first reported on Sunday.

“The Temporary General License extension will allow carriers to continue service customers in some of the most remote areas of the United States who would otherwise be left in the dark,” US Commerce Secretary Wilbur Ross said in a confirmatory statement yesterday.

“The department will continue to rigorously monitor sensitive technology exports to ensure that our innovations are not harnessed by those who would threaten our national security,” he added.

US officials have said the extensions are designed to minimise the impact of the ban on Huawei’s customers, many of whom operate telecoms networks in rural America.

The trade ban could also have a significant impact on Huawei, which has always denied allegations of espionage.

Last week it emerged the company will pay 2bn yuan (£284.6m) in bonuses and double almost all October salaries as a reward to staff for helping to fight US sanctions.

T-Mobile’s US boss John Legere to step down as he denies Wework rumours

JAMES WARRINGTON
@j_a_warrington

JOHN Legere will step down from his role as chief executive of T-Mobile in the US next year, and will be replaced by current chief operating officer Mike Sievert.

The departure of the outspoken telecoms boss comes amid frantic speculation that he could be linked with the top job at Wework. However, Legere has since ruled himself out of the running, CNBC reported.

T-Mobile is currently in the final stages of completing its $26.5bn (€20.5bn) merger with rival Sprint, which is controlled by Wework’s majority owner Softbank. Legere’s mooted move to the troubled office space provider could therefore pose a conflict of interest.

Nevertheless, Legere said he will step down from his role when his contract expires at the end of April 2020, though he will retain a seat on the board. Legere said he will now focus on pushing through the Sprint merger – which has been fraught with legal difficulties – and handing over the reins to Sievert.

“I hired Mike in 2012 and I have great confidence in him,” Legere said. “I have mentored him as he took on increasingly broad responsibilities, and he is absolutely the right choice as T-Mobile’s next chief executive.”

Meanwhile Wework is set to start a 4,000-strong US job cull this week.

Snapchat fact checks political ads, says boss

JAMES WARRINGTON
@j_a_warrington

SNAPCHAT boss Evan Spiegel yesterday revealed that his platform fact checks all political ads, as he took a swipe at rival social media firm Facebook.

Tech giants have come under fire in recent months over their failure to crack down on adverts that spread misinformation that could unfairly influence elections.

Facebook boss Mark Zuckerberg has defended his decision to allow political advertising on the social network after Twitter chief executive Jack Dorsey announced a complete ban.

Spiegel has now weighed in on the debate, saying his firm allows political ads only after they have been approved by its fact checkers.

“We subject all advertising to review, including political advertising,” he told CNBC. “I think what we try to do is create a place for political ads on our platform, especially because we reach so many young people and first-time voters we want them to be able to engage with the political conversation, but we don’t allow things like misinformation to appear in that advertising.”

Airbnb strikes Olympic sponsor deal before Tokyo 2020 games

JESS CLARK
@jclarkjournno

HOLIDAY home rental company Airbnb has agreed a deal to become an Olympic partner, in a bid to reduce the cost of the games.

Airbnb hosts will provide accommodation for athletes, Olympic officials and visiting fans at the Tokyo games next year, followed by Beijing, Paris, Milan and Los Angeles. The partnership is designed to prevent the need to construct new accommodation in host cities and will also provide revenue for the community.

Airbnb will pay 2bn yuan (£284.6m) in bonuses and double almost all October salaries as a reward to staff for helping to fight US sanctions.

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Aramco calls off European shows ahead of listing

EDWARD THICKNESSE
@edthicknesse

SAUDI Aramco yesterday reportedly cancelled its planned European road-show for its long-delayed initial public offering (IPO), a day after doing the same for investor meetings in the US and Asia.

The decision means that shares will not be formally marketed outside of the Gulf. Meetings will now only take place in Saudi Arabia, the United Arab Emirates, Bahrain, Kuwait and Oman.

The success of the IPO will now depend on local demand, with 0.5 per cent of shares reserved for Saudi nationals, who will then get access to a bonus share scheme as long as they maintain their stock for a fixed period.

On Sunday, Aramco, which is the world’s largest oil producer, released the official price range for the sale, which would value the company at $1.7 trillion (£1.31 trillion).

The kingdom’s leadership were told that this was still higher than foreign institutions were willing to pay, two people familiar with the matter told the Financial Times.

In a statement the company said that it would sell 1.5 per cent of the kingdom’s valuable state assets.

It will also now sell an additional 2 per cent in a follow-on public offering.

The sale will allow the kingdom to raise an extra $18bn.

Aramco’s leadership will now assess the latest price range and decide whether to launch the IPO.

The sale is a central pillar of Crown Prince Mohammed bin Salman’s plan to diversify the gulf state’s economy away from oil by 2030.

For the first nine months of 2019, Saudi Aramco’s income slipped from $83.3bn in 2018 to $68.2bn, with revenues down from $233.3bn to $217.1bn.

Saudi Aramco declined to comment.

Kape Technologies snaps up US cyber firm in deal worth $95.5m

JAMES WARRINGTON
@j_a_warrington

LONDON-BASED security software firm Kape Technologies today said it has acquired US online privacy company Private Internet Access (PIA) for $95.5m (£74m).

Kape, which provides privacy-focused security software, said the merger will create a new global cyber company and almost double its profit. The AIM-listed firm has secured the mixed cash and share takeover with LTMI Holdings, PIA’s parent company, in a deal that values the US cyber firm at $127.6m.

PIA, which was established in Colorado in 2009, specialises in so-called virtual private networks (VPN), which allow users to set up an encrypted internet connection.

The deal will double Kape’s customer base, taking it to more than 2m global paying subscribers. Kape’s US subsidiary, ExpressVPN, is already the number one service in the US.

“Kape has already acquired the ITMI’s digital privacy products,” Jay Shah, a research analyst at Bank of America, said.

He added: “This is a game-changing moment in Kape’s development.”

Ex-Stobart boss courts City figures to back Eddie Stobart rescue plans

JAMES BOOTH
@jamesbooth1

FORMER Stobart boss Andrew Tinkler is said to be lining up heavyweight City support for his proposed rescue package for struggling haulier Eddie Stobart.

City A.M. revealed on Sunday that Tinkler was putting together a £75m financing package for the ailing firm and had the backing of 11.8 per cent shareholder the Stobart Group.

“Shareholders do take my offer seriously, and even Stobart Group has supported me on this transaction,” Tinkler said. He has been in discussions with fund managers M&G and Ruffer to drum up support for his plan to inject £50m into the business, the Telegraph reported.

Tinkler is also understood to have been in talks with Eddie Stobart’s board about his proposed rescue bid.

His approach faces competition from hedge fund Douglas Bay Capital (Dbay) which holds a 10 per cent stake in the company.

Eddie Stobart’s board accepted an offer on Friday from Dbay to inject £55m into the business in exchange for a 51 per cent stake.

Dbay’s financing package, which would come with an 18 per cent rate of interest, is set to be voted on by shareholders in early December.

MUSICAL SHARES Spotify stock slips as rivals Amazon and Tiktok turn up the heat

JAMES WARRINGTON
@j_warrington

SPOTIFY shares fell almost five per cent yesterday after Amazon unveiled an ad-supported free version of its music streaming service. Tiktok owner Bytedance is also in discussions over the launch of a rival platform, the Financial Times reported.

Kape Technologies snaps up US cyber firm in deal worth $95.5m
SEBASTIAN MCCARTHY
@SebMcCarthy
SHARES in the UK’s leading pawnbroker crashed yesterday after the firm revealed it was working closely with the City watchdog to review its high-cost short term credit (HCSTC) loans business.
H&T’s share price plummeted by as much as 25 per cent in trading yesterday before closing down 15 per cent at 316p.

The firm announced it has ceased all HCSTC unsecured lending, at least temporarily, while it works with the Financial Conduct Authority (FCA).

The review is focusing on H&T’s credit-worthiness assessments and lending processes for HCSTC loans in light of new rule changes over affordability assessments. Over the last six years the firm said total customer interest payments were £24m.

The company said: “Should any redress be payable, H&T anticipates being able to fund this from its existing financial resources.”

INDRANIL SARKAR

TATA Steel is planning to cut 3,000 jobs in its European operations, the company said yesterday, citing oversupply, flat demand in the continent and high costs.

In a statement, Tata said it was urgently seeking to improve performance by increasing sales of higher value products, efficiency gains and reducing employment costs by cutting employee numbers by up to 3,000 across its European operations.

Around two-thirds of the job losses are expected to be office-based roles, it said.

Indian-owned Tata Steel, which launched a transformation programme in June to strengthen its European business, has operations in the Netherlands and Wales and downstream operations across Europe.

There will be no plant closures, Tata said, adding the aim was to shield Tata Steel Europe from challenges, such as weak demand, excess capacity and trade issues, and to become cash positive by the end of its financial year ending March 2021.

European steel makers largely blame China for the extent of a surplus in the market.
SHARES in UK technology company IQE plunged over 23 per cent yesterday after the firm issued its second revenue warning in five months.

IQE, which makes parts for chips used in products made by Apple and various Asian manufacturers, said it had “experienced very challenging market conditions in 2019”.

The raging US-China trade war has dented global trade and business confidence, and hit firms with connections to both countries especially hard.

IQE now expects revenue this year of £136m to £142m, down from previous estimates of £140m to £160m. Its revenue was £156.3m in 2018.

The warning dragged shares down 23.1 per cent yesterday to 50.65p. It is the second revenue warning IQE has sounded in recent months. The Welsh company said in June that it would miss its 2019 revenue forecast due to a hit from US restrictions on Chinese tech giant Huawei.

Yesterday, IQE chief executive Drew Nelson said in a statement that the shortfalls in revenue “relate predominantly to two major customers”. He did not name the customers, however.

Analysts at broker Peel Hunt said they now expected IQE to post a loss of £5.3m this year.

IQE said next year is likely to start with a weak first quarter.
Sadiq Khan confirms TfL fare freeze

STEFAN BOSCIA

TRANSPORT for London (TfL) fares will remain unchanged in 2020, Sadiq Khan has confirmed.

The mayor of London’s fare freeze is now into its fourth year, after promising to not rise TfL prices in his first term at City Hall.

The freeze will continue after next May’s London mayoral election, effectively binding the hands of whoever wins the poll.

The freeze only includes individual journeys and not weekly, monthly and annual travel cards.

“Alongside my £1.50 Hopper fare—which allows people unlimited changes on bus and tram journeys for free within an hour—we are making transport more affordable for millions of Londoners,” Khan said.

“In stark contrast, when he was mayor, Boris Johnson increased TfL fares by a staggering 42 per cent.”

Shasui Verma, TfL’s director of strategy, added: “Millions of people travel using bus, Tube and rail services across London and through our pay-as-you-go fares system we are helping to encourage more people out of their cars and onto public transport.”

However, Khan’s fare freeze has attracted criticism from some quarters for contributing to TfL losses.

UK leads G20 in the race for net zero emissions

@edthicknesse

THE UK has topped the list of decarbonisation rates within G20 countries since 2000, according to PwC’s low carbon economy index released this morning.

However, the UK’s annual rate of 3.7 per cent is well short of the 9.7 per cent that is required if the UK is to achieve its 2050 net zero emissions pledge.

The report found that the majority of the UK’s reduction in emissions have come from the phase-out coal, a process that can only be done once.

During the peak of the coal phase-out between 2012 and 2016, the UK averaged a decarbonisation rate of 6.9 per cent. 2014 was the only year that the UK achieved the 9.7 per cent rate required to hit the 2050 targets.

PwC warned that outside of the power and industry sectors, the UK is making limited progress in achieving its target, which will require dramatic changes to every part of the UK’s economy.

Dr Celine Herweijer, partner and global climate change leader at PwC, said: “Achieving net zero will require companies across all sectors to transform, drive innovation and grow whilst managing transition risks.”

“It’s one thing for leading companies to set ambitious targets, but the ability to meet these will need strong government action to stimulate new market solutions,” she added.

Businesses are adopting climate commitments in increasing numbers, with over a hundred declaring net zero targets by 2050. A thousand more have signed up to initiatives such as RE100.

The report comes the same day as trade group Energy Networks Association will launch a manifesto calling on political leaders to take “bold action to achieve net zero.”

Sage to sell its payments arm to Elavon unit

HARRY ROBERTSON

UK SOFTWARE firm Sage Group is to sell its payments arm Sage Pay for around £230m to Elavon, a payments firm and unit of US Bancorp.

Sage Pay is a major provider of payment services in both the UK and Ireland. Announcing the deal, Sage Group said: “The divested business will remain an important payments partner for Sage after completion.”

Newcastle-based Sage said the deal would boost its profit this year. The software firm said it expects to report a statutory profit of around £180m after the deal.

For the year ended September 2018, Sage had operating profit of £136m and revenue of £41m.

The completion of the deal is subject to Elavon obtaining approval by US regulators.

Sage chief executive Steve Hare said: “We will continue to focus on serving small and medium-sized customers with subscription software solutions for accounting and financials and people and payroll.”

“Payments and banking services remain an integral part of Sage’s value proposition and we will deliver them through our growing network of partnerships, including Elavon.”

Hannah Fitzsimons, president and general manager of Elavon Merchant Services in Europe, said: “We are a partner-focused company that is helping businesses succeed in a global marketplace that is changing rapidly.”

“This acquisition brings tremendous talent and leading technology to Elavon, which can be leveraged across the European market,” she added.

Declan Lynch, chief executive of Elavon Financial Services, said: “We are thrilled to bring the talents and capabilities of Sage Pay employees to Elavon, where they will be an integral part of our company.”

GBK widens losses after store closure plan

ROSS PORTER

CASUAL dining chain Gourmet Burger Kitchen (GBK) suffered widening losses last year after taking a £15.7m hit on its restaurant closure programme.

The burger restaurant completed a company voluntary arrangement (CVA) during the period, which saw it shutter 24 sites, contributing to a pre-tax loss of £24.3m in the year ended 24 February, compared to £6.3m in the previous period.

Last year the firm opened 10 new sites. GBK reported a £15.7m charge related to the restructuring plan, which contributed to the loss for the year, according to the firm’s latest financial accounts.

Revenue fell seven per cent to £76.1m from £81.7m due to the impact of the restaurant closures and increasing competition in the casual dining market.

The decline “was driven by site closures, difficult trading conditions in the wake of economic uncertainty ... continued over supply in the sector and a significant number of new entrants,” the company said in its annual accounts.
Volkswagen to cut forecast as demand brakes

ALEX DANIEL
@alexmdaniel

GERMAN car maker Volkswagen has cut its forecasts for operating profit and sales growth because of a downturn in demand for passenger cars.

“IT IS FAIR TO SAY THAT THE VERY BEST OF THE PARTY IS OVER,” CHIEF FINANCIAL OFFICER FRANK WITTER TOLD ANALYSTS YESTERDAY.

VW has become the latest automotive giant to warn that the industry is facing difficult times, as firms pump money into electric and self-driving cars while a trade war between the US and China hampers growth.

The company also cut its forecast for sales growth over the period to 20 per cent from more than 25 per cent.

Shares fell four per cent to €176. “WE BELIEVE THIS LARGELY REFLECTS SOFTER VOLUME GROWTH EXPECTATIONS,” Citi analysts said in a note.

Volkswagen maintained its targets for an operating margin of 6.5-7.5 per cent in 2019-2020 and seven to eight per cent in 2025.

To counteract the costs of rolling out electric cars, Volkswagen would increase sales of higher-margin SUVs and try to bring down the cost of making electric cars, chief executive Herbert Diess said.

Volkswagen’s new ID3 electric vehicle, for example, will be 40 per cent cheaper to build than the electric version of its Golf model, he told investors.

As the battery pack in the new ID3 can be used to add structural rigidity, some savings can be made to the vehicle body.

The modular layout of the battery will also aid efficient packaging and economies of scale, he added.

The announcements were made at the Dubai air show yesterday.

Airbus reports Middle Eastern jet request worth more than $30bn

ALEX DANIEL
@alexmdaniel

AIRBUS announced orders for more than 170 planes yesterday, in a mammoth set of deals valued at more than $30bn (£23.1bn) at list prices.

Air Arabia, a low-cost Emirati carrier, has ordered 120 narrow-body planes including the A320 Neo and A321 XLR models, while Dubai government airline Emirates placed an order for 50 of the bigger A350 planes.

Emirates’ deliveries are expected to begin in 2023. It replaces a previous agreement in February, when Emirates said it wanted to buy 30 A350s and 40 of the smaller A330s.

Boeing investor sues board for deadly crashes

ALEX DANIEL
@alexmdaniel

A BOEING shareholder last night filed a lawsuit accusing the firm’s board of doing nothing to investigate the safety of the 737 Max until the fast-selling plane suffered a second deadly crash in five months.

The lawsuit, brought by the Kirby Family Partnership, said the first crash was “the biggest red flag an airline manufacturer can face”.

The legal action, filed in Delaware where Boeing is incorporated alleges the directors breached their fiduciary duties to shareholders and seeks to hold them personally liable for damage caused to Boeing, which could run into the billions of dollars.

It came after Boeing received an order for 10 of its 737 Max jets, which remain grounded worldwide after the crashes that killed 346 people in total.

Turkish airline Sun Express, which already has 32 of the planes on order, put its faith in the under-fire US manufacturer with an extra $1.2bn (£930m) worth of the jets, in a deal confirmed at the Dubai air show yesterday.

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THE BITTER row among rival factions in the People’s Vote campaign ostensibly came to an end last week when controversial chairman Roland Rudd resigned.

Rudd, also chairman of PR firm Finsbury, faced three weeks of public insurrection from staff after sacking People’s Vote director James McGrory and communications chief Tom Baldwin in what was described as a “boardroom coup”. His decision was met with a torrent of criticism from staff, which escalated as the saga unfolded.

Staff voted no confidence in Rudd and newly appointed chief executive Patrick Heneghan, and refused to go back to work. City A.M. then revealed that Heneghan was facing sexual harassment allegations from a number of female members of staff. He quit two days after our revelations.

Rudd finally gave in last Friday and quit as chairman of Open Britain — one of five founding groups of the board of Open Britain’s shadowy parent company Baybridge 2019. Baybridge 2019 was formed on 19 August by Rudd, Weyman, Siddhu-Robb and entrepreneur Richard Reed. The company controls the People’s Vote campaign, with sole control over finances, data and the hiring and firing of staff. People’s Vote insiders claim Rudd is pulling the strings.

“[Weyman] has had a quite rapid ascent to the chair,” a senior Open Britain source said. “She’s been loyal to Rudd on everything.”

The source added that Siddhu-Robb had “taken Rudd’s side at every turn” and that Reed “marches to Roland Rudd’s tune”.

A spokesperson for Siddhu-Robb and Weyman denied the claims and so too did Rudd’s spokesman. However, if the allegations are true then Rudd’s resignation from the campaign means little and raises further questions.

Cardiff University professor Leighton Andrews said the transfer of data from People’s Vote to Baybridge was “of grave concern” and asked the Information Commissioner’s Office to investigate.

The day after being fired, Baldwin told the BBC that Rudd was trying to position the campaign as a Liberal Democrat vehicle — a charge Rudd’s spokesman said was “absurd”.

The theory is also promoted by campaign heavyweight Alastair Campbell who has alleged that the PR tycoon is angling for a life peerage via a Liberal Democrat nomination. Adding fuel to the fire is Reed’s involvement at Baybridge — the multi-millionaire has given almost £60,000 to the party.

A senior People’s Vote figure told City A.M.: “Rudd wants to change the landscape of British politics and the price of that is to allow Brexit to happen,” adding that money controlled by Baybridge had been given to the Liberal Democrats to help them “try to get 25 per cent of the vote at the election”.

If Baybridge is indeed trying to improve the Liberal Democrat vote then the potential value of the data of 500,000 people collected from People’s Vote cannot be underestimated.

In any case, don’t expect Rudd’s resignation to restore harmony at the People’s Vote campaign.
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Diploma lifts its dividend after a successful 2019

EDWARD THICKNESSE
@edthicknesse

LONDON-LISTED Diploma yesterday announced that it would lift its final dividend by 15 per cent, after posting strong double-digit growth in both earnings and revenue.

Shares in the company rose 4.3 per cent yesterday to 1,773.25p.

The firm, which supplies technical products such as wiring and seals for the life sciences, said that profit rose 14 per cent to £97.2m, up from £84.9m in 2018.

Revenue also grew 12 per cent to £544.7m from £485.1m last year, driven by a strong performance across healthcare divisions.

Cash flow slipped seven per cent to £56.5m, with net debt at £15.1m at the year end.

Earnings per share and total dividend per share each saw double-digit growth, to 64.3p and 29p respectively.

2019 was a record year for acquisitions for the company, which invested £78.3m in four new businesses.

Diploma said that the growth in uncertainty in global industrial markets had resulted in a healthier pipeline of opportunities for such purchases.

Chief executive Johnny Thomson said: “Diploma has delivered another strong set of results with double-digit revenue and earnings growth in the year.”

He added he was “confident” in the firm’s business model for next year.

BOODLES

JESS CLARK
@jclarkjourno

LUXURY jewellery retailer Boodles yesterday reported sales growth following a strong Christmas trading period last year and a 220th anniversary collaboration with Swiss watchmaker Patek Philippe.

The family-owned jeweller reported turnover of £77.1m for the year ended 28 February, up 8.9 per cent from £70.8m in 2018. Profit after tax increased from £5.17m last year to £8.32m.

Expenses increased five per cent, mainly due to higher London rents. Boodles said it is not planning to expand but will invest its earnings in high-value diamonds.

SOCGEN WORKERS MOVE INTO NEW LONDON HQ

Bankers at Societe Generale began moving into their new Canary Wharf offices yesterday as the French lending giant looks to consolidate its London business. The firm’s new London HQ will house a range of divisions including corporate and investment banking, securities services, asset management and back and middle office private banking activities. Socgen is taking eight out of the 26 floors at the office building on One Bank Street, where it is equipped for nearly 3,000 workstations and is “designed with flexible working in mind”.

TWO STOCK EXCHANGE OPERATORS BID FOR BME

Two rival stock exchange operators are battling it out to buy Spanish bourse Bolsas y Mercados Espanoles (BME). In a sign of the consolidation efforts within Europe’s financial exchanges sector, Euronext and Six Group have both revealed they have had talks to buy the Madrid-based national stock exchange. Swiss group Six has made a €2.8bn (£2.4bn) cash offer.

BOOST FOUNDER SAYS HE WANTS TO BUY FIRM BACK

Boost Mobile founder Peter Adderton is willing to pay up to $2bn (£1.5bn) to buy back the prepaid wireless brand from Sprint, he told Reuters yesterday, marking a significant potential premium to what satellite TV provider Dish Network agreed to pay for Sprint’s entire prepaid wireless business.
Telecoms firms’ credit ratings ‘at risk’ from Labour’s broadband proposal

JAMES WARRINGTON
@j_a_warrington
TELECOMS companies may take a hit to their credit profiles if Labour’s plans to nationalise parts of BT go ahead, a top rating agency has warned.

Shadow chancellor John McDonnell last week unveiled plans to bring Openreach into public ownership and offer free full-fibre broadband to all UK households by 2030. But Fitch Ratings warned providers such as Talktalk and Virgin Media could see their revenue and profitability “severely impacted” by the move unless they completely overhauled their business models.

It would also reduce or negate the value of the collateral of their debt security package, the firm said.

In a note issued yesterday, Fitch said Labour’s scheme would likely put an end to private sector investment in the UK’s broadband network by challenger firms such as Cityfibre, and would remove incentives for investment in convergent products and services.

The firm also warned that the sector’s ability to innovate could be hamstrung if alternative providers were to drop out of the market.

DOUGH! Pizza Express downgraded despite recent royal endorsement of Woking outlet

RATING agency Moody’s yesterday downgraded Pizza Express after they judged recent actions by shareholders will make a restructuring of company debt more likely. The agency expects tough trading conditions to weigh on profit. Prince Andrew on Saturday denied a sexual assault allegation from 2001, saying he was at a Pizza Express in Woking.

DWF beats Brexit gloom to expand first-half revenue

LISTED law firm DWF managed to boost its revenues in the first half despite persistent political uncertainty, it said yesterday.

In a trading statement to the City, DWF said it had increased group revenues by at least 10 per cent in the six months to the end of October.

Chief executive Andrew Leatierland said the performance has been “robust” in the face of Brexit disruption that has weighed on business activity.

“The first half of the year has seen a number of important milestones achieved as we continue to deliver on our initial public offering (IPO) promises, developing the business in our first year as a listed entity,” he said.

Shares rose 2.8 per cent to 129p on the announcement yesterday.

DWF’s floatation in March — the first main market listing for a law firm — valued the business at £366m. The company had been aiming for a higher number.

The firm said this increase “primarily reflects the normal cyclicality of partner tax payments in addition to the £3m dividend payment in September”.

The company also increased its net partner headcount by 20 on a full-time equivalent basis during the first half, including the recruitment of 15 senior hires.

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Microsoft alters cloud contracts in EU crackdown

JAMES WARRINGTON
@j_a_warrington

MICROSOFT has unveiled changes to its commercial cloud contracts after EU regulators warned the company may be breaching data privacy laws.

The European Data Protection Supervisor (EDPS) last month said it had “serious concerns” about Microsoft’s compliance with data protection rules and the use of its services by EU institutions.

Microsoft yesterday acknowledged that it is a data controller—a designation that means it will take on greater responsibilities under the EU’s General Data Protection Regulation (GDPR).

“The change to assert Microsoft as the controller for this specific set of data uses will serve our customers by providing further clarity about how we use data,” said Julie Brill, Microsoft’s vice president for global privacy and regulatory affairs and chief privacy officer.

Brill added Microsoft would make certain it is “accountable under GDPR to ensure that the data is handled in a compliant way”.

The company will also offer new contractual terms to its commercial customers in both the public and private sectors—a move Brill said would create greater transparency.

The changes come after the Dutch Ministry of Justice and Security (MoJ) commissioned a review into the use of Microsoft Office Pro plus amid concerns it was sending large amounts of data from Europe back to the US.

The review urged Microsoft to accept greater data protection responsibilities for additional processing involved in providing enterprise services, such as account management and financial reporting.

Microsoft will now roll out the suggested changes made by the Dutch MoJ to its global customers.

Brill added that these changes would also focus on trying to combat cyber attacks.

The firm said it has begun work to introduce the new privacy terms and expects to offer the new contract from the beginning of next year.

Barrick agrees sale of super pit as it begins $1.5bn asset disposal plans

EDWARD THICKNESSE
@edthicknesse

BARRICK Gold, one of the world’s largest mining corporations, has begun the disposal of $1.5bn (£1.2bn) of its non-core assets by agreeing to sell its 50 per cent stake in Australia’s Kalgoorlie mine for $750m.

The so-called super Pit, located in the renowned golden mile region of Western Australia, will be bought by Saracen Mineral Holdings, an ASX-listed company which already owns two other gold mines in the area.

The Kalgoorlie mine produced 490,000 ounces of gold in the last financial year, making it one of Australia’s largest. Newmont Goldcorp, the world’s leading gold company, will retain its 50 per cent stake in the joint venture.

Mark Bristow, Barrick chief executive officer, said: “The sale of our non-operating interest in KCGM represents the first step in our plan to realise in excess of $1.3bn from the disposal of non-core assets by the end of next year.”

“While this iconic gold mine has been a valuable contributor to Barrick over the years, the asset does not fit with our strategy of operating mines that we own. The sale allows us to further focus our portfolio on core operations,” he added.

Merkel pushes back against calls for higher public spending levels

MICHAEL NIENABER

GERMAN Chancellor Angela Merkel and finance minister Olaf Scholz yesterday brushed aside demands by German trade unions and business leaders to ditch their balanced budget policy and boost investment with a debt-financed spending plan.

The BDI—Germany’s main business lobby—and the DGB labour union formed an unusual alliance yesterday to demand an extra €640bn (£5384m) public investment in Germany amid concerns that the country’s infrastructure is failing.

However, Merkel yesterday told reporters after a cabinet meeting that the “black zero” policy of no new borrowing remained the guiding principle as the government was still able to boost the economy.

“We can regenerate growth with this fiscal policy,” she said.

Scholz said the government had already increased public investment to record levels, adding that he viewed the rare joint spending call by BDI and DGB rather as a support of his expansive fiscal policy.

The German Chancellor has been criticised for her lack of public investment.

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CBI economist: Measure growth with happiness
SEBASTIAN MCCARTHY
@SebMcCarthy

BRITAIN’S financial system has long been viewed through the lens of output and productivity, but now the CBI is calling for a more unconventional way of measuring growth: happiness.

The CBI’s chief economist said yesterday that the government and businesses should take into account “much more holistic measures” than productivity levels when considering how to improve the economy.

Ranin Newton-Smith told a conference hall of business figures that “productivity isn’t everything” and that companies ought to look “beyond shareholder value”.

She called on the government to follow New Zealand’s approach by not “looking narrowly at GDP as a measure of policy success in favour of an index based on happiness and wellbeing”.

Under former prime minister David Cameron, the government tasked the Office for National Statistics (ONS) with measuring happiness levels throughout the country for the first time.

The official statistics body carried out the work to look “beyond purely economic measures for how the nation is doing” and to measure “inequalities in society”.

According to the latest findings released by the ONS, people in Britain generally grew happier over the year to March, but those in Northern Ireland grew sadder and more anxious as the original Brexit deadline drew near.

Oli Ikechi, a managing director of capital markets atAccenture, told City A.M. that there is “a broader sense that businesses are now looking to encourage people to bring their true self to work because happiness creates a freedom to let people make mistakes and ask questions”.

Brazil’s Amazon deforestation soars to its highest level in more than a decade
MARCELO TEIXEIRA

DEFORESTATION in Brazil’s Amazon rainforest rose to its highest in over a decade this year, government data yesterday showed, confirming a sharp rise under the leadership of right-wing President Jair Bolsonaro.

Brazil’s INPE space research agency said deforestation reached 9,762 square kilometers, up 29.3 per cent, for the 12 months through July 2019. That’s the worst level of deforestation since 2008, heaping further pressure on the environmental policy of Bolsonaro who favours developing the Amazon region economically.

The Amazon is the world’s largest tropical rainforest and is considered key to the fight against climate change because of the vast amounts of carbon dioxide it absorbs.

Risks to the forest drew global concern in August when fires raged through the Amazon.

Environment minister Ricardo Salles said the rise in deforestation showed the need for a new strategy to combat illegal logging, mining and land grabbing, which he said were to blame for the increase in deforestation.

Environmentalists have blamed Brazil’s leader. “The Bolsonaro government is responsible for every inch of forest destroyed,” said Marcio Aastrini, public policy coordinator for Greenpeace.

Brazil was ravaged by fires in August, drawing sharp criticism from global leaders

US announces Iran sanctions waiver repeal
DOINA CHIACU

US SECRETARY of State Mike Pompeo said yesterday that the United States is terminating the sanctions waiver related to Iran’s Fordow nuclear plant.

Speaking at a press briefing in Berlin about the Fordow site, Pompeo added that the US is closely monitoring ongoing protests in Iran and is deeply concerned by reports of several fatalities.

“The right amount of uranium enrichment for the world’s largest state sponsor of terror is zero,” he said.

Pompeo added that he saw “no legitimate reason for Iran to resume enrichment at this previously clandestine site.”

The waiver will be ended on 15 December.

The UN atomic watchdog has accused Iran of enriching uranium at its Fordow nuclear site.

Yesterday, the watchdog also accused Iran of accumulating more than 130 tonnes of heavy water – a substance used in a type of reactor being developed at the site – thereby breaching another limit in its nuclear deal.

The blue diamond from the Cullinan mine is worth nearly $741,000 per carat

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PETRA Diamonds has sold a 20.08 carat blue diamond found at South Africa’s famous Cullinan mine for $14.9m (£11.49m).

The company said that this was equivalent to roughly $741,000 per carat. It added that the buyer was a leading diamond company that wished to remain anonymous.

Richard Duffy, Petra’s chief executive, said: “We are very pleased with this result which is in line with our expectations and confirms the resilience in the value of very high quality blue diamonds.”

The sale is good news for Petra after the company reported a double-digit fall in annual profit in September as a result of weak prices.

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Capital is at risk
Are central banks out of bullets?

Harry Robertson assesses if central bankers have the tools to fight the next economic downturn

The global economy has not had a good year, to put it mildly. Trade-war uncertainty and Chinese weakness have taken a heavy toll, with growth in 2019 set to be the worst since the financial crisis, according to the International Monetary Fund. Such an environment has produced many doomsayers and gloomsters, to use Boris Johnson’s phrase. But there are few in finance as gloomy as Donald Amstad, head of Asian investment specialists at Aberdeen Standard Investments.

In a video from August that went viral (by the financial world’s standards) with 700,000 views, Amstad argued that the developed world is on the brink of an economic and political crisis that its policymakers are poorly placed to tackle. One of Amstad’s chief concerns is that central banks in developed economies “are very close to being out of bullets,” he tells me. Having saturated markets with printed money and slashed interest rates, in some cases to below zero (meaning investors pay to lend), there seems to be little left in the arsenal with which to prop up the next downturn.

A major question is whether interest rates can go much lower than zero without serious distortions. Minus one per cent may be possible, but “I’m not sure you can go to minus 10,” Amstad says. Yet some see things another way, arguing that rate setters have innovated before and will do again. Danae Kyriakopoulou, chief economist at central bank forum Omfi, says: “Throughout the crisis central bank toolboxes have been strengthened, they have more powers now.” Many policymakers and pundits say negative interest rates and other ultra-unorthodox policies are already a problem, which are now worsening the slowdown rather than soothing it. Amstad sees merit in this argument. “I give the example of my mother. God bless her, who’s not earning any money on her savings in the bank and therefore feels that she has to economise,” he says. Across an economy, such attitudes damped growth.

The chief executives of Deutsche Bank and UBS have said European lenders are also suffering under the policy. With rates so low, there is little money to be made from the interest margin, they say.

But this route runs into a major obstacle. Amstad says — a bubble in the bond market. Driven by central bank policy and a slowdown, investors have piled into safe-haven assets. More than $15 trillion (£11 trillion) of bonds, roughly a quarter of global government and corporate debt, are trading with negative yields, indicating a surge in demand.

Governments turning on the taps will cause a rush out of bonds to纸质 new assets. Using fiscal policy and a slowdown, investors have put to work in the event of a downturn.

“A silver lining for the global economy is much brighter,” says Amstad. “There will be firepower here to be put to work in the event of a downturn.”

“Having cut rates and printed money there seems to be little left in the arsenal to slay the next downturn,” says Gerard Lyons, chief economic adviser at investment service Netwealth, says that although things are undoubtedly gloomy right now, the long-term picture for developed economies is much brighter.

He says the “fourth industrial revolution” — the development in things like cloud computing and 3D printing — is likely to drive productivity and growth. Despite the slowdown, “one is still seeing much investment in [research] and in innovation by some leading companies,” he says.

For now, the push towards fiscal policy as a solution seems hard for policymakers to resist. The Conservative party’s promised spending splurge sums up this, Amstad says. “To me that sounds rather Keynesian and it sounds rather Corbynesque, dare I say?” We will have to wait and see whether the turn to Keynes will be effective.
OUTERNET, a new immersive advertising and live entertainment space in central London, has secured a deal to install the world’s largest deployment of LED screens. The site, on the corner of Oxford St and Tottenham Court Rd, will boast 256-degree screens.

EDWARD THICKNESSE
@edthicknesse
SINGAPORE-BASED Jadestone Energy yesterday agreed to buy a 69 per cent stake in New Zealand’s Maari project oil field for $50m (£38.6m).

The London-listed firm’s shares jumped at the announcement, rising 16.2 per cent to 73.5p.

Jadestone, which focuses on oil and gas production in the Asia Pacific region, said that the purchase, from OMV New Zealand, would increase its net production by approximately 20 per cent. It added that it expected payback from the acquisition within a year of closing the transaction.

Jadestone’s chief executive Paul Blakeley said: “The Maari project adds both significant opportunity and diversity to our operations. New Zealand is a natural fit for Jadestone, where we see many shared values with regards to sustainable energy investment.”

The firm said it expected to complete the transaction in the second half of 2020. The field is located about 80 kilometres south west of the North Island and includes both the Maari and Manaia oil fields.

Production, which began in 2009, stands at 4,000 to 5,300 barrels per day. It peaked in 2010 with 16,400 barrels per day.

Although the fields are scheduled to stop producing in 2031, Blakeley said the field has considerable upside potential.

The company is targeting New Zealand as an extension of its core operations area in Australia. The island nation has the best fiscal regime in the Asia Pacific region for upstream oil and gas activity and a simple tax system.

EU parliament accepts Hungarian candidate for Commission launch

JAN STRUPCZEWSKI
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JUDGES

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Lawson Muncaster
Managing Director City A.M.

Leonid Shutov
Owner and CEO, Bob Bob Ricard, Bob Bob Cité

Lucy Chamberlain
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RECOGNISE. REWARD. CELEBRATE.
**CITY DASHBOARD**

**LONDON REPORT**

Election polling lifts mid-caps to 14-month high

K MID-CAPS closed at their highest level in nearly 14 months yesterday, boosted by polls pointing to victory by the ruling Conservatives in upcoming elections, while a near five per cent drop in the insurer Aviva weighed on the main board.

The domestically-focused FTSE 250 index rose 0.2 per cent while the FTSE 100 added 0.1 per cent. A win by the opposition Labour party “could cause turmoil on the markets given the party wants to renationalise several sectors and shake up regulations”, Russ Mould, investment director at AJ Bell, said.

“However, a lot can change in politics in three weeks so the markets are likely to remain volatile right up to the big vote.”

The bluechips ended higher after their worst weekly performance in four despite a fall in oil majors, as investors pooled their money into the so-called defensive stocks that are perceived less risky at times of uncertainties.

Contradictory reports on the US and China’s trade dispute kept the market on edge. Chinese news agency Xinhua said the two countries had had “constructive talks”, while CNBC reported that US President Donald Trump was reluctant to roll back tariffs.

Defensive stocks that investors pooled their money into their worst weekly performance in three with smashes from healthcare giant Astrazeneca to consumer goods company Reckitt Benckiser gained despite rises in the pound.

Astrazeneca’s share price rose 1.96 per cent to 7,338p yesterday as the company said it would keep its operations in Singapore and China amid speculation of a sale of the Singapore business. Among smaller companies, IQE plunged 23 per cent after the tech firm warned on results amid issues with two of its main clients.

Consort Medical skyrocketed 44 per cent past the £10.10 a share level on a bid from Sweden’s Recipharm. Biotechnology firm Puretech jumped 14 per cent to top the FTSE 250 index after its affiliate Karuna Therapeutics said its experimental treatment for acute psychosis in schizophrenia met key goals in a mid-stage trial.

**TOP RISERS**

1. 1. MHC Health Up 6.17 per cent
2. 2. M&G Up 5.03 per cent
3. 3. SSE Up 2.18 per cent

**TOP FALLERS**

1. 1. Aviva Down 4.03 per cent
2. 2. Burberry Down 3.02 per cent
3. 3. Glencore Down 2.30 per cent

Fuller’s has announced that overhead costs in the retained pubs business will be materially higher than initially thought, leaving little room for any cheer at Liberum.

The broker said that the announcement “will not help confidence in Fuller’s short term transition into a pure premium pub and hotel business”, as it cut the price target from 1,050p to 915p while recommending a “Hold rating.” Despite the short-term hit to profit, Luberum concluded that Fuller’s is still an exciting position with a large acquisition war chest it can deploy.

**BEST OF THE BROKERS**

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

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**NEW YORK REPORT**

Wall St inches up after mixed China reports

Wall Street’s main indexes skidded very slightly higher yesterday after closing out records on Friday and investors digested mixed headlines on US-China trade relations.

The market appeared to welcome Washington’s grant of an extension for the US company Qualcomm to buy NXP Semiconductors, but also on investors’ minds was a Wall Street Journal report that the Trump administration and China had held “constructive” trade talks, days after White House economic advisor Larry Kudlow said they were close to a deal.

“We keep getting told we have this deal and it has yet to be finalised and then you get these reports going in the other direction,” said Michael O’Rourke, chief market strategist at JonesTrading in Connecticut.

“Investors are being patient because they don’t want to see new all times highs until they have clarity on trade,” The Dow Jones Industrial Average rose 31.4 points, or 0.12 per cent, to 28,036.22, the S&P 500 gained 3.25 points, or 0.10 per cent, to 3,122.03 and the Nasdaq Composite added 9.72 points, or 0.18 per cent, to 8,545.84.

Later this week, investors will turn their attention to minutes from the Federal Reserve’s latest policy meeting, where the central bank cut interest rates for the third time this year. Also ahead are results from US retailers, including Home Depot, Kohl’s and Target.

Shares of HP fell 1.51 per cent after the company rebuffed a $33.5bn ($25.5bn) offer from Xerox and said it was open to exploring a bid for the latter. Cott gained 2.18 per cent after the cosmetics maker said it would pay $560m for a majority stake in Kylie Jenner’s beauty business.

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**NUVEEN**

Global asset management firm Nuveen has promoted its president, Jose Minaya, to the position of chief executive officer (CEO). As CEO, Jose will lead the firm’s day-to-day operations, including oversight of investment management teams and client businesses. He will help set strategy and drive key initiatives. He will also chair the Nuveen executive committee and engage with key clients, regulators and industry peers. Jose joined TIAA in 2004 after holding roles at AIG, Merrill Lynch and JP Morgan. In 2015, he became the leader of Nuveen’s real assets business, where he was responsible for developing the firm’s investment capabilities in real estate, agriculture, timber, infrastructure, energy and alternative credits. He was tapped to lead all of Nuveen’s global investments organization in 2016 and was named president of Nuveen in June of this year.

**MAZARS**

International accountant and advisory firm Mazars has appointed Frank Strachan as partner and head of tax investigations. Frank joins Mazars from Edwin Corp, where he was head of tax. He joins with a national remit, and will focus upon driving further growth in the tax investigations team across the UK, as well as providing expertise and guidance to Mazars’ private client partners. Frank has over 30 years’ experience in representing clients subject to HM Revenue & Customs investigations. He has been listed as a leading individual in the Citywealth Leaders list each year since 2016, and was named one of the 50 most influential private client practitioners in 2017. Lindsay Pentelow, Mazars UK head of tax, said: “Frank’s role as the leader of our controversy practice is critical in helping clients to understand and manage the risk they face.”

**LOC GROUP**

Loc Group, the premier international marine and engineering consulting firm, has announced the appointment of Johan Gahnstrom as its new shipping operations director. Johan is an accomplished, maritime professional, Johan joins the group from the International Association of Independent Tanker Owners, where he was a senior marine manager and led all facets of port, pilgrimage and navigation operations and tanker operations, while also resolving a variety of complex maritime issues. Johan brings a wealth of experience to Loc Group, having previously held senior positions at Petroplus, SSA, Qatar Petroleum and Anglea LNG, amongst others. He also serves as a member of the Chirp Maritime advisory board.

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**CITY MOVES WHO’S SWITCHING JOBS**

To appear in CITYMOVES please email your career updates and pictures to citymoves@cityam.com
The secret to how our election candidates are really chosen

John Oxley

The selection process is the most important and least understood aspect of our democracy

F YOU are stuck in traffic, watching another diesel taxi go past, you won’t be alone in wishing for cleaner ways to travel around London. New research shows that nearly 70 per cent of people don’t think politicians are doing enough to encourage alternative, environmentally friendly transport options.

So, what are these alternatives? Right now, candidates from all parties are out knocking on doors with grand plans to make the UK a greener place, but these grand visions lack simple, pragmatic policies that would give people better choices in how to travel today. Luckily, there’s a policy that could have an immediate, positive impact: legalising electric scooters. E-scooters are an emission-free, convenient and affordable alternative to cars. If you live or work in London, you know how popular they are already. In fact, with the number you see ridden (illegally, at least for the moment) around the capital, it is no surprise that 48 per cent of people think e-scooters should be legalised.

E-scooters are already common-place on our streets. In Paris, for example, e-scooters are now account for around one per cent of all city journeys. To take our own brand as an example, Lime users alone have ridden a distance equivalent to 50 times around the Earth and replaced over a million vehicle journeys.

If the trend is similar in London, the potential reduction in CO2 would be too significant for policy-makers to ignore.

The current approach to improving the capital’s air quality has focused on banning and penalising polluting travel options. And that works up to a point — London’s Ultra-Low Emission Zone (ULEZ) is already having a positive impact. Cutting levels of nitrogen dioxide by 30 per cent since April. But if initiatives like the ULEZ are an environmental policy stick, Londoners still need to be offered a carrot.

Of course, we need to make sure that all e-scooters that make it onto our roads are safe, integrate with other road users, and don’t clutter the streets. The city needs simple, clear rules to allow safe and responsible use of e-scooters in the UK.

First, e-scooters must have minimum safety features. They are not toys. They should have a capped top speed of 15.5mph, front and rear brakes, lights, and suspension to cope with London’s potholes.

Second, e-scooters should only be allowed on roads and cycle lanes, and banned from pavements to ensure the safety of pedestrians. We already have laws that allow you to ride an e-bike, if it meets safety requirements, without a licence or insurance. These should be applied to e-scooters too.

Finally, e-scooter companies should also encourage shared, dockless e-scooter services — an affordable option for nearly 30 per cent of Londoners who say they would like to travel by e-scooter. But cities should also be able to limit the number of companies allowed to operate, so they aren’t overrun with different e-scooter operators.

E-scooter companies should give back to cities by sharing data. It will help the public to better understand how people travel, so they can decide where to invest in getting people out of cars. Politicians from all parties should commit to taking the brakes off e-scooters, to deliver the greener future that we all want. Fingers crossed at the election after this one we can legally ride e-scooters to the polling station.

Alan Clarke is director of UK policy and government affairs at Lime.
WE WANT TO HEAR YOUR VIEWS

Cash injections aren’t enough to save an unreformed NHS

Claudia Martinez

Proving the point, only six per cent of the Prime Minister’s £1.8bn cash injection for improving buildings and equipment announced earlier this year was earmarked for primary care. Politicians love shiny new things, but if the aim is better care for patients, the priority should be a fit-for-purpose primary care system.

One in 10 people wait at least three weeks for a GP appointment and many struggle even to get through to their surgery on the phone. Just 13 per cent of people think they can make a GP appointment after 6.30pm, and nine in 10 do not think they can book an appointment on a Saturday. No wonder so many people default to A&E when they see hospital as their only option.

Health secretary Matt Hancock recently outlined plans to create 50m more GP appointments every year, but details are thin on the ground. More encouragingly, there are successful models being implemented to increase accessibility to services, including expanding access to GP appointments, co-location of out-of-hours GP practices in A&E departments, or same-day and walk-in health centres.

For these efforts to be successful, however, we need urgent action to address the NHS workforce crisis. The plans from both Labour and the Conservatives to recruit thousands more doctors are laudable — but they are also unrealistic. From outdated working practices and crumbling workplaces, to cultures of bullying and discrimination, and underinvestment in training, it is no wonder we are seeing an exodus of health professionals — and struggling to recruit new ones.

To boost GP numbers, the parties must have tangible plans to tackle these issues, and that doesn’t just mean throwing money at the problem. It is undeniable that the health service needs more investment — last week’s A&E data is just the latest in a long line of red flags, and with the population ageing, demand is only going to increase. But without serious commitment to wholesale reform, cash injections are not going to deliver the improvements voters want to see.

The electorate is used to being told that there is just “24 hours to save the NHS”. Politicians are used to pledging eye-watering levels of cash to prop up the system up. But this time, if the parties are serious about putting our health service on a stable footing, they should be trying to out-reform, not out-spend, each other.

A third of those turning up in A&E could have been treated by GPs

Claudia Martinez is health policy lead at In Our Time. 

JOHNSON

Who has the most to gain from tonight’s TV debate: Boris Johnson or Jeremy Corbyn?

The spectre of Theresa May’s decision to avoid the debate in 2017 looms in the minds of Conservative strategists. It was a move that proved her poor leadership. Just taking part in tonight’s debate marks this Prime Minister out as different from his predecessor. And his poll lead should solidify following a well-executed debate.

Going head-to-head also helps amplify the Conservative messaging that only Boris Johnson or Jeremy Corbyn can be Prime Minister. This should encourage wavering Brexit Party voters who are worried about splitting the euro-sceptic vote to come back to the Tories.

Most importantly, it’s an opportunity for Boris to put the poor ontological reputation he has developed after some fairly lacklustre speeches behind him, and prove that he is the more statesmanlike of the two. Away from the rigid PMQs format, he has a chance to nail the Labour leader on his party’s antisemitism and double down on the Tory narrative that Corbyn is unfit to be PM. If he performs well, that is.

LAUREN MCEVATT

Leadership contests — has plenty of debate experience. He may well be able to use the event to his advantage as style versus substance. He might even demonstrate to the public something which by all accounts is true in private — namely that he’s actually likeable. If so, he’ll have scored an important win.

TIM BALE

He’s fought and won two leadership campaigns. By including certain leaders in this debate, the BBC is making that choice for us — namely that he’s actually likeable. If so, he’ll have scored an important win.

Corbyn — who’s fought and won two leadership campaigns. By including certain leaders in this debate, the BBC is making that choice for us — namely that he’s actually likeable. If so, he’ll have scored an important win.
Facebook announced Libra, it’s proposed digital currency, on June 18, 2019. Libra’s intended launch was 2020, but international regulatory pushback makes it uncertain when or if Libra will launch. Regardless, simply by being proposed, and simply because Facebook is involved, Libra is already challenging national fiat currencies.

**LIBRA’S CHALLENGE TO NATIONAL FIAT CURRENCIES**

➢ Libra’s stated purpose is bringing financial services to the globally unbanked by “...empowering” billions of people through the creation of a simple, global currency and financial infrastructure. Users will directly and globally exchange low-volatility Libra (not local national fiat currency) using their mobile devices.

➢ Officially Facebook’s Libra involvement is through its subsidiary Calibra. Calibra is to turn participants in Libra via membership in the Libra Association (the “Association”).

➢ The legality of Libra’s novel model is unclear, but it does not seem to be clearly illegal. More likely there exists a regulatory vacuum. Libra’s documents and Calibra have emphasized that Libra seeks to coordinate with governments to operate in a regulated and compliant manner. But, Calibra has refused to place Libra’s launch on permanent hold pending US congressional approval.

➢ The Association is a non-profit membership organization based in Geneva, Switzerland. The Association was intended to have 28 initial members, scaling to 100+ members around Libra’s launch. However, several payment providers, including Mastercard, Stripe, PayPal, and Visa, withdrew after receiving threats from the US Congress. When the Association held its first meeting on October 14, 2019, it had just 25 members.

➢ Next, let’s examine why regulators are so adamantly against Libra.

**LIBRA CAN RAPIDLY SCALE.**

Beyond transactions per second, cryptocurrencies scale also refers to the rate of user adoption and ease/recurrence of usage. Both have not been globally adopted by everyday users engaged in mundane transactions. Libra is different and its competitive advantages have triggered regulators. Libra could rapidly and massively scale to the level of national fiat currencies. Facebook and its related products are already ubiquitous, with a userbase of 2.8 billion. Libra has Facebook’s vast monetary and technical resources supporting it. Even if a third of Facebook’s users sign up, Libra will have a US$9.5 billion “popu

**LOW VOLATILITY LIBRA.**

Libra’s key innovation is that it is the first reliable highly-scaled cryp
tocurrency to achieve low volatility globally. The trading prices of most cryptocurrencies freely fluctuate. This volatility precludes their consistent use in consumer and business transactions. Significant fiat currencies (the US Dollar, the Euro, etc.) have low volatility against each other and rarely need to be exchanged given their large continental or global currency blocs.

“Stablecoins” just inherit volatility from another source. Stablecoins are backed by, and usually exchangeable for, a specific asset. For example, Tether’s USDT claims to be backed by and exchangeable for one US Dollar. In this sense, USDT has trivial volatility due to its US Dollar correlation. However, since the US Dollar is itself volatile against other crypto and national currencies, USDT inherits that volatility. The same holds true for stablecoins backed by other assets.

Clear Factor’s fair interest rate will be determined by the auction and agreed to by the SME and during the invoice auction, the interest rate is agreed via smart contract mutual consensus. Investors invest in different interest rate pots. The pot that fills up the earliest is offered to the SME. If the SME rejects the offer, the auction begins again. All invoices are assessed twice—first by Clear Factor by entering into a legally binding contract with the debtor and latterly by an underwriter in the debtor’s country of residence. Clear Factor uses Ethereum to create smart contracts for the outcome of each invoice finance auction and Stellar for cross-border money transfers of invoice finance in any currency.

Clear Factor is focusing on micro and small segments of the SME market—those that are not currently serviced by banks for invoice finance. There are no lock-ins, impositions, hidden costs or contractual binders and there will always be a quick payment against the invoice. The only fee is the ecosystem fee which is 1.0% of the withdrawal amount taken and this applies to the SME, individual investor and trade investor.

Clear Factor has a mandate to make sure that it is recession robust. It is about protecting SMEs from a possible future financial crash and a repeat of 2008.

For more information on Clear Factor please visit www.clearfactor.io
Thus no stablecoin will fundamentally replace or supplant the US Dollar. Stablecoins also have risks related to their ability to be backed by reserves. The user pays in national fiat at the exchange and receives Libra. These payments are deposited into the “Libra Reserve” The Libra Reserve fund is invested in low volatility assets such as the main national fiat currencies, deposits, and bonds. The nature and diversity of the pooled assets should result in very low volatility. The Libra Reserve’s investment profits first go towards maintaining the Libra network, with the remainder distributed to the associated members. Althought “backed” by the Libra Reserve, Libra is not exchangeable for any part of it. Cashing out of Libra simply reverses the purchase process, with the user receiving the current selected national fiat market price for Libra. Suppose Libra achieves Facebook-like scale and becomes a truly global medium of exchange. And, suppose it is low volatility like the US Dollar, but far superior to most developing countries’ currencies. Why would a user ever cash out? What role then for national fiat currencies? Libra’s sovereignty implications are staggering. Many policy tools available to countries would become ineffective. For example, deviating the currency to address a trade imbalance is futile if transactions are conducted in Libra.

**LIBRA’S US DOLLAR CHALLENGE.**

The US Congress understands Libra’s implications. In a July 2, 2019 letter to Libra, Congress wrote: “It appears that these products may lend themselves to an entirely new global financial system that is based out of Switzerland and intended to rival U.S. monetary policy and the dollar.” A key complaint regards a potential rival to the US Dollar. How is that thinkable? The global reserve currency, backed by the full might of the USA, and oil’s trading currency, can be rivaled by... Facebook?!

The unfortunate truth is that the US has long been debasing the US Dollar. Although the world has long resented the US “exorbitant privilege,” it was considered impolitic or dangerous to complain too loudly. But, as a consequence of Libra (and the US’ defensive reaction) suddenly it is acceptable even for US allies to overtly discuss and take steps towards replacing the US Dollar.

Even the Governor of the Bank of England (i.e., the US’ best “special relationship” ally) is speculating about using a basket of digital central bank currencies as reserves.

China announced plans for a national digital currency immediately after Libra was announced. This has been a long time coming, but China’s move so closely followed Libra’s that it is hard to avoid the impression that China accelerated going public. Stay tuned.


**IMPORTANT INFORMATION:**

The views and opinions provided by CITYAM’s CRYPTO ADVISOR and in THE CRYPTO ADVISOR AM SECTION SHOULD NOT BE TAKEN AS INVESTMENT OR FINANCIAL ADVICE. CONSULT WITH YOUR FINANCIAL ADVISOR.

**CRYPTOAM INDUSTRY VOICES**

Will blockchain based decentralized applications take over the mobile industry?

D
centralisation as a theme and buzzword may have had the same levels as Blockchain and AI, however its potential impact on our infrastructure and systems has just as much potential. MONET was established to create an open-source infrastructure for decentralized mobile peer-to-peer applications. Its open source downloadable code enables decentralisation applications using smartphone technologies that envisages a future where like minded groups can congregate, exchange services and ideas in areas such as: transportation, delivery, housing, payments, networking and services.

One existing example of this technology being put to use is the news sharing app Twaddle, it enables users to share and discuss news stories with other users on the same local network. Twaddle uses MONET’s core consensus technology, Babbage, to ensure that users see all submitted comments in the same order, thus removing the need for a centralized service, more importantly it enables users to own their data.

Twaddle’s launch coincides with a time when internet services and goods are created an additional dimension in terms of how internet services and goods are created. Concerns regarding mismanagement of how internet services and goods are created an additional dimension in terms of how internet services and goods are created.

Babbage is a proof of work consensus algorithm enabling multiple mobile devices to create and maintain a shared consensus of transactions, allowing verifying the creation of decentralized applications without a central server. However, The Chatterbox app uses the Babbage consensus algorithm to enable multiple mobile devices to chat without a centralized server. In addition to Chatterbox, MONET envisages being used to design ride sharing apps, accommodation portals and online platforms that will make up the digital economy of the future. MONET’s mission is to unleash the promise and potential of decentralised, frictionless transactions and interactions between individuals who have traditionally been dependent on centralised systems and data silos.

MONET has the potential to enable the emergence of the internet and mobile phone technology transform how traditional business models operate. The creation of blockchain technology and emergence of cryptocurrencies has created an additional dimension in terms of how internet services and goods are conceptualised. Concerns regarding misuse of data and the growing power of Silicon Valley companies are part of what fuelled the creation of MONET; its mission is to create an open source infrastructure for truly decentralised, peer-to-peer applications that anyone can use and apply without handing over personal data. The centralised nature of current systems, only time will tell how this is applied and the impact it will have on how the internet and online services evolve.

David Henshaw, Co-Founder of MONET.
**TRADING & INVESTMENT**

**Should we be worried about bespoke funds?**

**Katherine Denham finds out**

Segregated mandates — possibly the most unsung phrase you will come across all year. And yet, these boringly named contracts are becoming increasingly popular.

When wealth management firms hire a fund manager to run a bespoke investment portfolio for their clients, this is known as a segregated mandate. Take, for example, St James’s Place (SJP), which hired now-defamed fund manager Neil Woodford to manage client assets across a number of funds in 2014. Woodford got into hot water earlier this year, which prompted SJP to sack him as manager of the £3.3bn mandate in June.

But while Columbia Threadneedle and RWC Partners were hired to replace Woodford for SJP’s funds, the investments weren’t completely unscathed from the scandal.

A spokesperson for SJP says: “We contract out the management of our funds because it gives us the freedom to choose the best managers from the global investment market, which are often only available to large institutional investors.

“We continually assess our managers and are well positioned to make changes quickly when appropriate.”

Of course, if an investment manager gets into trouble, the firm has to find someone else to run the segregated mandate instead, and this can be a complicated process, particularly compared to an off-the-shelf fund where you can simply sell it if it doesn’t perform as expected.

And yet despite this clear risk, more money is piling into these types of contracts. Looking across vertically integrated wealth managers and discretionary fund managers, research firm NextWealth estimates that there are £312bn in assets in segregated mandates.

The company predicts that retail assets in segregated mandates will reach £190bn by the end of 2020. Meanwhile, some wealth managers, like Hargreaves Lansdown, are starting to use segregated mandates within multi-manager funds too.

And according to figures from the Investment Association, segregated mandates represented 66 per cent of assets managed for third party institutional mandates at the end of 2018, with the proportion increasing slightly from around 62 per cent when the IA began to collect this data in 2011.

Companies that commission these mandates can exercise more control over their investment decisions, laying down rules to meet their own needs. With SJP, for example, the firm restricts investments in unquoted stocks, meaning that fortunately, the segregated mandates were more liquid than Woodford’s own Equity Income fund was before it was suspended.

The other, arguably bigger, benefit is that management fees are cheaper than buying regular funds — though whether this saving is passed onto the end client is another question entirely.

Mike Barrett, consulting director at The Lang Cat, notes that wealth managers can potentially get some additional margin from these activities. “The commercial terms of the segregated mandate between wealth manager and fund group are never disclosed, so the wealth manager can set the fees paid by the end client allowing for some margin to be generated.”

And while the end customer can normally see the total cost of investing, it’s almost impossible to see exactly how this is divided between the wealth management firm and the fund manager.

Bearing in mind that pressure has been mounting for asset management firms to be more transparent (particularly when it comes to fees), the increase in this type of process seems like a step backwards.

Barrett also warns that if a fund manager is underperforming and the wealth management company can’t secure the same good commercial terms with someone else, the firm could decide to stick with the same fund manager and fund group are never disclosed, so the wealth manager can set the fees paid by the end client allowing for some margin to be generated.” And while the end customer can normally see the total cost of investing, it’s almost impossible to see exactly how this is divided between the wealth management firm and the fund manager.

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NEED FOR SPEED

The Bentley Bentayga Speed is officially the fastest SUV on sale, says Tim Pitt. But is that reason to buy one?

Zeropoint-six-two miles per hour. That slender margin – half the speed of a spider scuttling across your bathroom floor – is enough to make the Bentayga Speed the fastest SUV in the world. Yes, Lamborghini rounds up to an identical 190mph maximum for its second-placed Urus. But whether you’re blitting a German autobahn or braging in a country club bar, that 0.62mph advantage matters. Or does it?

A bit like building a really comfortable rollercoaster, it’s perhaps a question nobody asked. However, the Bentley always had an uncommonly broad brief. Launched in 2016, Bentayga’s first SUV had to be as cosseting as a Continental GT, as capable as a Rolls-Royce Cullinan, less compromised than a Lamborghini Urus. But whether you’re blitzing a German autobahn or bragging in a country club bar, that 0.62mph advantage matters. Or does it?

Three years ago, Bentley had the super-luxury SUV sector to itself, but others have since joined the party. Even Ferrari has its Purosangue 4x4 in development, due in 2022. For now, though, the Bentayga offers the best blend of abilities: more driver-oriented than a Rolls-Royce Cullinan, less compromised than a Lamborghini Urus. It would be remiss not to mention the Hybrid and V8 again, both of which offer 95 percent of the Bentayga experience for 70 percent of the price (£130,500 and 136,900 respectively).

The Bentley Bentayga Speed is the headline act. It’s outrageously powerful, as you’d hope for £12,000 (only slightly less than it would set you back for a new Ford Fiesta). Still, the 12-cylinder engine remains the headline act. It’s outrageously overqualified for the job, defined as much by low-down torque as high-speed stats. Driving all four wheels via an eight-speed auto ’box, it will cruise in effortless near-silence or teleport you into the next time-zone. The W12 swells to a full-bodied rumble, enhanced by fruity rasps and pops when you select Sport mode. In the best way.

The Bentley initially came with a 608hp W12, joined by the excellent 435hp V8 diesel a year later. The latter has now been ditched for a more zeitgeisty 462hp petrol/electric hybrid, while the former is succeeded by the Speed. It shares the same 635hp 6.0-litre W12 as the latest Continental GT and new Flying Spur: good for 62mph in a mildly preposterous 3.9 seconds, plus that record-breaking 190mph. Expect fuel economy in the low teens if you start embarrassing carbon-ceramic brakes merit a mention too; they’re phenomenally powerful, as you’d hope for £12,000 (only slightly less than it would set you back for a new Ford Fiesta). Even Ferrari has its Purosangue 4x4 in development, due in 2022. For now, though, the Bentayga offers the best blend of abilities: more driver-oriented than a Rolls-Royce Cullinan, less compromised than a Lamborghini Urus.

It would be remiss not to mention the Hybrid and V8 again, both of which offer 95 percent of the Bentayga experience for 70 percent of the price (£130,500 and 136,900 respectively). Then again, neither is the fastest SUV (£130,500 and 136,900 respectively). It would be remiss not to mention the Hybrid and V8 again, both of which offer 95 percent of the Bentayga experience for 70 percent of the price (£130,500 and 136,900 respectively).
OFFICE POLITICS

The four types of business philosopher

What would happen if one of history’s great thinkers swapped places with your boss?

FRIEDRICH NIETZSCHE
Is your boss a bit of a firebrand who delights in turbulence? Then they are probably a Nietzschean.

Nietzschean managers loath conformity, and look for passion and strongly felt values. For Nietzsche, good leaders would be those who take the trouble to understand what their employees care about, and encourage them to have and hold a point of view, but would be unafraid to disagree with it — even at the cost of a parting of the ways.

Nietzsche would tell us that we need to nourish disruptive individuals so that the organisation can rise to the challenge of stormy times. “Don’t just think outside the box”, he would say. “Destroy your box — before someone else does.”

BUDDHA
You might think that the Buddha manager spends most of their time on a meditation cushion sitting quietly. There is some truth in that, but to assume passivity would miss the point. Buddhist teachings have already made their way into the corporate world through mindfulness programmes, but the Buddha manager knows that mindfulness needs to go beyond feeling calm. It must also engender the emotional balance that we require to make the most of stormy times.

They also understand that people need a place of safety from which to operate and explore what lies beyond.

ARISTOTLE
If your manager is profoundly suspicious of the idea that goodness is the outward expression of inner virtue, and that authenticity is the most reliable standard of excellence, then odds are that they are an Aristotelian.

The Aristotelian boss insists that there is nothing natural about goodness, and that moral virtues are acquired by practice. “We become just by doing just acts, kind by doing kind acts, brave by doing brave acts.”

As a leader, the Aristotelian takes responsibility for inspiring those around themselves to model the behaviour of heroic individuals, believing that we act our way into the person we become.

IMMANUEL KANT
If you work for someone who’s a bit embarrassed about being in charge, it is likely that they are a Kantian.

The Kantian boss hates the idea that anyone should surrender — or “outsource” — their personal agency to someone else. Instead, they will strive to transform the hierarchy, and create a team in which everyone routinely and naturally treats one another as they themselves would wish to be treated.

But the Kantian manager’s greatest source of sorrow (and astonishment) is how many of his colleagues would prefer to take their lead from him — despite his pleas to the contrary.

Jules Goddard is a fellow of the Centre for Management Development at London Business School, and co-author of What Philosophy Can Teach You About Being a Better Leader, published by Kogan Page.
If Rory McIlroy Criticises We Will Listen

European Tour deputy CEO Guy Kinnings on flak from their top player, growing the Ryder Cup and why a single, global tour is up for discussion. By Frank Dalleres

Rory is very, very honest. If he sees things that he thinks can be improved, then he will say so. Anyone who works for him would say that, and Rory has very useful input. "I have absolutely loved the year," deputy chief executive Kinnings, 56, tells City A.M.

"I think that, alongside Kinnings and Pelley, things to an event," he says. "The way things have gone. We're almost slightly defying the odds. It's very difficult to get brands to commit long-term when there's any degree of uncertainty. They wouldn't be doing this unless they knew there was a return on investment." As part of that, you look at each venue – is there something you can improve more on the PGA Tour caused a stir and, while Pelley did eventually succeed in bringing the Northern Irishman back on side, the feeling was not long before McIlroy (pictured below) was criticising the circuit again, railing against its "too easy" courses.

Results over the last few days mean the tour has been spared the awkward prospect of its most conspicuous critic scooping its biggest prize, the Race To Dubai, later this week. Kinnings, very much a glass-half-full man, insists he would nonetheless have been "delighted" to see McIlroy win and apologetic at the efforts the tour makes to keep him happy.

"Rory has been the most fantastic supporter of us. When you think of the things he's done as a player, his support for the Irish Open, he is a superstar, and when he plays he adds something to an event," he says. "The other thing about Rory is that he is very, very honest. If he sees things that he thinks can be improved, he will say – and we will listen. So we are not concerned at all. Obviously we're going to listen to whoever has got useful input and Rory has very useful input."

A GLOBAL TOUR?

A tussle for McIlroy's affection for another global tour is not far away if the European Tour and PGA Tour merged to form one global tour, a possibility, albeit still remote, that Pelley has entertained and that Kinnings, too, concedes makes sense. "A name would say that in an ideal world, with a blank sheet of paper, you would sit down and go 'it would be good to have a global tour'. Absolutely, we will always be open to and happy to talk about how that can be considered," he says. "Equally, that's not an immediately easy thing to deliver. We simply have to make sure that we, with all the other major governing bodies, produce a product that's as appealing as it can possibly be to our fans."

Players, too, must be kept happy – especially the sport's biggest names, who tend to plan their schedules around the more lucrative PGA Tour. "We're very lucky: a lot of the leading players like to play globally, like to have new experiences, they have their own brands which need to be seen internationally," he says. "Being able to play at events that have a distinct style and history of their own is good for those players and certainly good for us – and we'll keep doing all we can to attract them."

This year's brand relaunch was a reminder of what the European Tour believes makes it an appealing prospect for players and sponsors, namely its worldwide reach – it has events in Africa, the Middle East, Asia and Australia – and a greater willingness to experiment with new formats, including mixed tournaments and showcasing of disabled players. "We know how the world order works, we know how strong the PGA Tour and the Majors are, but the European Tour is able to find a pretty unique position. The rebrand and [its slogan] 'driving golf further' is at the heart of what's been done at the tour and is built around three pillars: we're innovative, we're inclusive and we're global," he says.

"All of that will allow us to attract new brands and partners. From my perspective, that's where the change will be. We've had a very successful year in terms of renewing and adding new corporate partners. I think that will only grow across the tour and Ryder Cup as we continue to offer a product that has some differentiation from anything else in the game."

The tour reported revenue of £337.7m and profit after tax of £10.3m for the year ending December 2018, yet growth is still in order. Its finances are best viewed over a four-year cycle that incorporates both home and away Ryder Cups and, for the period 2015-18, the tour made a loss after tax of £7.9m. Kinnings says it is not there to make a profit, but to provide the best playing opportunities and prize money that it can. "It could always be better. Our goal is constantly to improve and generate more revenue through traditional b2b sponsorship, but also growing on the consumer side," he says.

"In the middle of a political and macro-economic situation such as it is, I would say we are probably very satisfied with how things have gone. We're almost slightly defying the odds. It's very difficult to get brands to commit long-term when there's any degree of uncertainty. They wouldn't be doing this unless they knew there was a return on investment." A central plank of that growth strategy is the Ryder Cup, and specifically getting more commercial mileage out of the only event that attracts non-golf fans to the sport and which some industry observers are convinced remains underexploited. To that end the tour has assembled a committee that, alongside Kinnings and Pelley, includes Scudamore, Premiership Rugby boss Ian Ritchie and the founder of private equity firm Permira, Sir Damon Buffini.

Kinnings is adamant there will be no meddling with the format, rather the emphasis will be on "developing commercial programmes, improving the product itself, maybe adding things to the week." "As part of that, you look at each venue – is there something you can make more of? The Junior Ryder Cup is a wonderful event and there's maybe more that can be done with that. There's been real interest around the celebrity events."

There is zero prospect of the bi-annual event being held every year, though. "Much as I can see the benefit of it in financial terms, you'd be messing around with what is a very successful product in a sporting sense and we won't be doing that," he says. Kinnings' appointment met with universal acclaim, and senior figures in golf have been quick to earmark him as a possible successor to Pelley. "I had the most fantastic time working in golf outside the tour. I'm now having an even better time working here within the tour," says Kinnings. "I'm here to help and support the tour in any way I can but above all to support Keith in his role as CEO. Hopefully we can work very well together. I am really happy to be here and in the role that I am."
Ireland head to Euro 2020 play-offs as Denmark hold on to qualify

The Republic of Ireland will have to go through the play-offs if they are to qualify for Euro 2020 after being held to a 1-1 draw by Denmark in Dublin last night. Mick McCarthy’s side will join 15 others in the play-offs in March, with four teams qualifying for next summer’s tournament, after failing to get the victory they needed at the Aviva Stadium.

为什么希腊人可以成为超级明星

T’S a question that feels almost as old as the old guard themselves: is the man to break Roger Federer, Rafael Nadal and Novak Djokovic’s stranglehold on men’s tennis? Grigor Dimitrov, Milos Raonic, Nick Kyrgios and Alexander Zverev have all been touted as saviours, yet none has managed to succeed and the last 12 grand slam titles have been snatched up by the big three.

So there may be understandable cynicism at the heralding of another new talent in Stefanos Tsitsipas, especially one who looks like he would be more at home on a surf board than holding a racket.

But the strides made by the gangly Greek in the last 12 months and moreover the wider appeal of the 21-year-old mean the question bears repeating: is Tsitsipas, at last, the real next big thing?

What Tsitsipas did at inside the O2 Arena in London on Sunday night has lent the question greater weight and refreshing and intriguing, however. With his 6ft4ins frame, he slam dunks booming, flat forehands like a pro, and his one-handed backhand in the mould of Federer’s elegant master-stroke.

More than that, he plays with a looseness, an evident freedom and enjoyment. In a men’s tennis scene crying out for charisma and personality, Tsitsipas has it in spades.

It is easy to see why Greg Rusedski compared him to Bjorn Borg, while Boris Becker has called him a “massive star of the future”. Tsitsipas has tennis in his blood. His parents were both tennis coaches and coached his eldest son until Patrick Mouratoglou took over in 2015.

Apostolos studied tennis coaching at the University of Athens and coached his eldest son until Patrick Mouratoglou took over in 2015.

Tsitsipas reached the No1 world ranking as a 19-year-old and coached his eldest son until Patrick Mouratoglou took over in 2015.

Stefanos Tsitsipas doubles title with Kenneth Raisma.

GLOBAL GAME

European Tour deputy CEO Guy Kinnings on what the future holds

SARIES HIT THE BOTTOM AFTER TAKING SANCTION

Saracens will have to win 10 of their remaining 18 Premiership matches to be sure of avoiding relegation after the club accepted a 35-point deduction and a £5.36m fine. Saracens owner Nigel Wray said he had “made mistakes” in not fully declaring his “co-investment” arrangements with players over the past three seasons. The penalty saw the champions drop from third place to 11th in the Premiership after 22 points. England head coach Eddie Jones predicted Sarries players may skip next year’s Six Nations in order to help the club avoid the drop.

RUSSIA FACING BAN OVER ANTI-DOPING ANOMALIES

Russia could be banned from major sporting events, including next summer’s Olympic Games, over anomalies in drug testing results. The World Anti-Doping Agency (Wada) could impose a four-year ban on Russian athletes from competing internationally. They could also be stripped of all their Olympic and Paralympic medals won since 2000. Wada is a private body which acts on behalf of the World Anti-Doping Agency (Wada).

CURRAN: I WANT TO NAIL DOWN ALL-ROUNDER SPOT

Sam Curran wants to nail down a place in England’s Test side during the upcoming series against New Zealand. Curran, 23, is in line to play ahead of Chris Woakes at No11 in Wednesday’s first Test at Bay Oval and he wants to stay there. “If I do get the chance it is about nailing down my spot in the side and stop being the one that is available,” he said. “I was in all the Ashes squads so that was a confidence-booster that you can perform in the group. But when the series went on you’re itching to get out on the field.”

MAKINGS OF A CHAMPION?

UPRINGING

Tsitsipas has tennis in his blood. His parents were both tennis teachers and met at a WTA tournament in Athens, where Yuliya was playing and Apostolos was a line judge. All of the 21-year-old’s younger siblings are tennis players.

GUIDING HAND

Apostolos studied tennis coaching at the University of Athens and coached his eldest son until Patrick Mouratoglou took over in 2015.

RISING STAR

Tsitsipas reached the No1 world ranking as a 19-year-old and coached his eldest son until Patrick Mouratoglou took over in 2015.

Why the gangly Greek can succeed where other next-big-things have failed.

By Frank Dalleres