Khan: Don’t Take London For Granted

The Prime Minister has now pledged to spend £100bn in infrastructure, however the only projects earmarked for funding so far are well beyond the capital. Big ticket London projects, such as Crossrail 2 and vital Tube upgrades, appear to have been left on the sidelines.

Conservative Cities of London and Westminster MP Nickie Aiken echoed Khan’s concerns in an interview with City A.M. on Tuesday.

She said: “We’ve got to move away from an us-and-them mentality... The City is the engine of UK plc, but it needs all the other elements to create a Rolls Royce.”

Meanwhile, the start of Labour’s leadership contest has revolved around winning back northern voters, with candidates scuttling to distance themselves from the capital.

Another favoured contender Rebecca Long-Bailey will officially launch her campaign today with a speech that will emphasise her Manchester upbringing and call for devolution away from the capital.

Richard Brown, deputy director at think tank Centre for London, said the signs coming from Westminster were concerning for the capital.

“It would be short-sighted of the government to take for granted the significant contribution the capital makes — driving jobs, growth and prosperity across the country — and to overlook the communities who feel left behind within London,” he said.

“It is in everyone’s best interest for London to thrive — while working with other cities and regions to ensure this benefit is shared.”

Conservative mayoral candidate Shaun Bailey dismissed Khan’s comments that there was a growing anti-London sentiment from the government.

“Khan is not keeping us safe, he’s not building us homes, and he’s letting the transport system fall apart.”

ALEX DANIEL
AND POPPY WOOD
@alexmdaniel @poppyeh
THE BACKLASH over the government’s decision to save Flybe continued to escalate yesterday for the third day running, as Ryanair chief executive Michael O’Leary railed against the decision to extend a tax “holiday” to the struggling airline.

O’Leary’s comments came as Flybe chief Mark Anderson late last night insisted the firm’s government loan did not amount to a bailout.

“We are in conversation with the government around a financial loan — a loan, not a bailout — a commercial loan, but that is the same as any loan we’d take from any bank,” Anderson told Flybe staff, the BBC reported.
Forget Big Ben, the real rows are ahead

Of course, that an almighty row is on the horizon. When it kicks Brexit was going to happen (as we now know it will) then the UK former EU commissioner for financial services, Jonathan Hill, first people to recognise this was the (Remain-supporting) important and too international to be run by Brussels and the as the price of preferential trade terms. The City is too big, too including former chancellor George Osborne and outgoing Bank of England governor Mark Carney — who this week warned of the efforts of a small band of pro-Brexit MPs to get the meets the scheduled deadlines. Some are woefully behind the curve. Some are not on schedule and others are preferring to do nothing until there is more clarity,” he continued. According to a recent report by Reuters, many British banks are unlikely to hit the October deadline to stop issuing loans tied to Libor. Figures from the two rival firms that supply loan management software to the industry said not all banks will be ready for the transition, and that only a handful of loans linked to Sonia have been issued so far.

Regulators pressure firms to accelerate Libor switch

THE CITY regulator and Bank of England (BoE) have joined forces to urge banks and insurers to accelerate plans to transition away from the discredited Libor interest rate benchmark.

Firms have until October to stop writing loans tied to the London Interbank Offered Rate (Libor), which is embedded within around $350 trillion (£268 trillion) of financial products worldwide. The Financial Conduct Authority (FCA) and BoE yesterday said financial firms must step up their efforts to move away from the rate, which is scheduled to be mothballed by the end of 2021.

The Libor rate was widely discredited Libor interest rate benchmark.

The Libor rate was widely discredited and the US discovered traders had manipulated the rate for profit.

In a joint letter to senior managers of UK banks and insurers, the regulators reiterated a statement by the BoE’s financial policy committee (FPC) that “the intention is that sterling Libor will cease to exist after the end of 2021. No firm should plan otherwise.”

The regulators also encouraged managers to switch the convention for sterling interest rate swaps from Libor to the replacement Sterling Overnight Index Average (SONIA) rate by 2 March, but did not specify what sanctions firms could face if they do not meet the scheduled deadlines.

“In most products, market participants have made impressive progress in moving away from Libor. The time has come to draw to a close its remaining use,” said FCA director of execution strategy Christopher Woolard. “Firms must act now to help meet these targets and ensure a smooth transition to alternative rates.”

Clausen Brown, a partner at law firm Reed Smith, described the regulators’ efforts as “a turning of the screw in order to bring about the sought after change”.

“Despite exhortations and outreach programmes by the regulators, a worrying number of market participants are woefully behind the curve. Some are not on schedule and others are preferring to do nothing until there is more clarity,” he continued. According to a recent report by Reuters, many British banks are unlikely to hit the October deadline to stop issuing loans tied to Libor. Figures from the two rival firms that supply loan management software to the industry said not all banks will be ready for the transition, and that only a handful of loans linked to Sonia have been issued so far.
Ministers in bid to promote City links with Africa

HARRY ROBERTSON

INTERNATIONAL development secre- tary Alok Sharma today announced a range of initiatives to spur the City of London to boost investment in Africa by billions of pounds.

The schemes include a competition for fund managers to identify new in- vestment products for Africa and money to improve the financial sys- tems and regulations of 45 developing nations in the continent.

The announcements came ahead of the UK/Africa Investment Summit on Monday in London, which will bring together City executives and political and business leaders from various African nations.

Africa is home to many of the fastest-growing economies in the world. In 2018, Eritrea, Ethiopia, Rwanda and Ivory Coast all grew by more than seven per cent, according to the International Monetary Fund. London is the most popular destina- tion for African businesses to list outside the continent. Yet assets from African countries still only account for around per cent of total invest- ments managed by the City.

Sharma said: “The UK is already the top financial exchange for Africa’s businesses and we want investors to seize the exciting opportunities that Africa offers.”

Another of the schemes is to develop a new facility with the World Bank to develop more local currency bonds in African countries, letting businesses and governments raise investment more easily.

World Bank president David Mal- pass said another important element to improving investment in the re- gion is “strong actions from countries to improve rule of law and take on vested interests”. He said this could “create the right incentives”.

SECURITY

Former Santander exec found guilty in attempted Picasso art heist

JAIME Botin, the grandson of the founder of Santander and a former vice president at the bank, was yesterday sentenced to 18 months in jail and fined $58m (£44m).

The 83-year-old billionaire had attempted to smuggle a Picasso artwork, which had been declared a national treasure, abroad on his yacht in 2015 to sell at auction.

JAIME Botin,

Shareholders were in the dark about Flybe health, says chief

Anderson said Flybe had “legacy issues” to deal with that investors were not made aware of when the airline was acquired.

“The reality... is that we were in worse shape than even the shareholders thought we were,” he said. The airline was acquired in March by a consortium led by Virgin, as well as Stobart Group and private equity firm Cyrus Capital.

O’Leary cautioned that rival airlines were already under immense pressure, and that if Flybe failed others would have to pick up the slack.

“Underwear. This Flybe ‘subsidy’ cannot comply with competition, or state aid rules unless the same... tax holiday and other government subsidies are extended to all other UK competitor airlines,” he added.

O’Leary called on Javid to publish the details of the government’s deal with Flybe immediately, which was later followed by a freedom of information request from BA owner International Airlines Group (IAG).

The government insisted it had not broken state aid rules.

Shareholders were in the dark about Flybe health, says chief

CONTINUED FROM FRONT PAGE

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Primark’s UK store sales slow down as retailer outlines expansion plans

JESS CLARK
@jclarkjourno
PRIMARK’s like-for-like UK in-store sales dipped over the Christmas trading period, the budget retailer announced yesterday.

The high street chain’s owner Associated British Foods (ABF) said yesterday that there was a “marginal decline” in like-for-like UK sales in the 16 weeks to 4 January.

However, the impact of extra store space boosted total UK sales growth to four per cent.

Primark’s overall sales — taking its international business into account — were up 4.5 per cent, due “almost entirely” to an increase in selling space. Like-for-like performance improved due to strong Eurozone sales.

The fast fashion retailer has increased its retail selling space by 200,000 square feet since the end of the financial year. Three new stores opened in the period, in Spain, Germany, and Italy.

The company also relocated to a larger store in Porto, Portugal, extended a branch in Norwich. It reduced selling space in Germany and Belgium.

“Golden quarter’ fails to revitalise UK high streets

JESS CLARK
@jclarkjourno
RETAIL health hit a record low last year as high street stores battled weak consumer demand and faced pressure to slash prices.

The latest Retail Health Index published by a KPMG and Ipsos think tank hit a record low of 74 in 2019 — the worst result since the tracker was established in 2006.

The think tank — which assesses demand, margin and costs — said the “golden quarter” of Christmas trading did not rebound enough following a difficult year for the retail sector.

The later timing of Black Friday and Cyber Monday also put pressure on pre-Christmas.

Mike Ashley previously clashed with landlords over House of Fraser closures

Mike Ashley blames landlords for six Jack Wills shop closures

JESS CLARK
@jclarkjourno
HIGH street fashion brand Jack Wills yesterday announced it will shut six stores, blaming “unhelpful” landlords for the closures.

Mike Ashley’s Frasers Group, which bought the fashion retailer out of administration for £12.8m last year, said it will close shops in Bournemouth, Camberley, Cheltenham, Soho, Turo and Witney.

“Unfortunately, not all landlords have not “been as helpful as others.”

A spokesperson said: “Our commitment to Jack Wills remains but to ensure its future on the UK high street, we recognise the need to address running costs — including rents and business rates.”

The company said it will aim to find new roles within the group for staff affected by the closures.

Simply Be owner N Brown slashes profit forecast after heavy discounts

JESS CLARK
@jclarkjourno
SIMPLY Be owner N Brown has slashed its profit expectations, blaming lower revenue from its credit lending service and “a highly promotional market”.

Shares in the plus-size fashion retailer plummeted more than 24 per cent yesterday after it said full-year adjusted profit before tax will be in the range of £70m to £72m, down from a previous estimate of £78m to £84.1m.

A 4.6 per cent revenue drop in N Brown’s financial services division — which allows customers to pay with credit — contributed to the cut in profit estimates, as well as heavy discounting. N Brown warned that profit in 2021 is likely to be at around similar levels due to the “reduced scope for bad debt”.

The fashion company has increased its retail space substantially over the past year

JESS CLARK
@jclarkjourno
Moss Bros sales drop as rescue plan continues

JESS CLARK
@jclarkjourno
SUIT retailer Moss Bros said yesterday that it is making headway with its transformation plan, despite reporting a dip in sales.

The menswear store said it has made “good progress overall” in its bid to elevate the brand and improve long-term performance.

Moss Bros said it has improved its retail gross margin rates in the 24 weeks to 11 January by selling at full price with less old season stock to clear. The group expects to report a full-year adjusted loss before tax of £1m.

Moss Bros chief executive Brian Brick said: “We have seen more intensive discounting from our competitors and a materially lower level of footfall across the high streets and shopping centres of the UK.

“Despite this, we have resisted discounting pressures, facilitated by our careful buying plans which have meant that we are holding lower levels of terminal stock to clear.”

On a like-for-like basis sales fell 3.2 per cent, and online sales dropped 0.4 per cent compared to last year.

The company said it expects to end the year debt free, with a cash balance of around £12m. However, it warned that it expects market conditions to remain challenging.
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Financial body rules ‘too early’ to agree LCF sum

James Booth
@Jamesbooth1

THE FINANCIAL services lifeboat said yesterday it was “too early to predict” how much it would have to pay in compensation to investors in collapsed mini-bond firm London Capital & Finance (LCF).

Last week, the Financial Services Compensation Scheme (FSCS) said it would protect 159 LCF bondholders who switched from stocks and shares ISAs to LCF bonds.

It said it would review whether other investors in the scheme had a claim for compensation on the grounds they were given misleading advice by LCF.

Mini-bond firm LCF collapsed in January 2019 owing £236m to more than 11,000 investors.

In its plan and budget for 2020/21, published yesterday, the FSCS’s chief executive Caroline Rainbird said, it “will start to review [LCF] advice claims in the first quarter of 2020” and that “at this stage it is too early to predict the full impact on the levy”.

The FSCS said its indicative levy on financial firms for 2020/21 was £635m, an increase of £87m on the levy raised in 2019/20.

It said this increase was driven by a rise in the number of complex pensions claims which it said had overtaken payment protection insurance (PPI) claims by volume.

The FSCS said the main causes of pensions claims are “advice — often mis-advice — to transfer out of defined benefit pensions”.

Another major challenge cited by the FSCS was so-called phoenixing — where directors of an insolvent company transfer their business to a new company and continue trading.

The FSCS said its claim handlers had spotted 19 potential cases of phoenixing since September 2019 which were then referred to City regulator the Financial Conduct Authority (FCA).

It said a further 117 cases had been identified and shared with the FCA.

Contractor Kier Group welcomes ‘good progress’ on cutting costs

Alex Daniel
@alexmdaniel

KIER Group shares spiked yesterday on the news that the struggling contractor is making “good progress” on cutting costs.

The London-listed construction group’s stock rocketed 7.5 per cent in value in early trading, before receding to about 1.38 per cent up to 78.57p.

Kier has suffered from a mounting debt pile for the last 18 months, but assured investors it had kept that under control in the last halfyear. The firm said it was pressing on with a programme of office closures, outsourcing various functions and cutting jobs.

Directors expect to have got rid of around 1,200 workers by June this year, bringing £60m worth of savings for the following year ending June 2021.

Chief executive Andrew Davies said: “The group is performing in line with our expectations and we continue to win work from our customers.”

‘Misery’ as major hospitals remain unfinished two years after Carillion

Alex Daniel
@alexmdaniel

THE GOVERNMENT has faced yet another round of criticism for its handling of the collapse of outsourcer Carillion, more than two years after the company failed — this time over two hospitals it was building when it went bust.

The government spending watchdog said in a report that the hospitals, in Liverpool and the west midlands — will not be finished until years after originally planned.

The 646-bed Royal Liverpool hospital was due to open in June 2017, but is now forecast to be completed in autumn 2022 — five years late — and costing £106m more than the original £746m budget.

Meanwhile, the 669-bed Midland Metropolitan hospital in Sandwell, near Birmingham has been pushed back to July 2022 — three years and nine months late — and will cost £988m, more than £300m over the original £686m price tag.

Trade union Unite said the delay had created “misery” for patients and staff forced to cope with failing buildings.

The private sector bore the brunt of the extra costs, wrote watchdog comptroller Sir Amyas Morse.

US President Donald Trump yesterday labelled the trade agreement the US signed with China on Wednesday as “one of the greatest trade deals ever made”, adding that it has put the US in a “great position” for the next stage of talks.

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Chief executive Andrew Davies said: “The group is performing in line with our expectations and we continue to win work from our customers.”
British tech tax could harm smaller businesses, says Amazon’s UK boss

JAMES WARRINGTON
@j_a_warrington

AMAZON’s UK boss has played down concerns about a new tech tax, but warned the move could raise costs for small businesses using its platform.

The government’s 11 March Budget is expected to include a digital services tax, which will charge a two per cent levy on the UK revenue of technology companies.

Douglas Gurr, Amazon’s UK country manager, said the tax would not impact plans to create new jobs and open more distribution hubs.

“We are very committed to the UK for the long term. We have three research and development sites and two corporate offices,” he told the Financial Times.

“As long as the UK continues to be a place where we get great talent and we have customers to serve, we will continue to be committed.”

However, Gurr suggested that Amazon could offload the additional costs by raising charges for the small businesses that use its platform.

Gurr said that the UK should shun its plans for a national tax in favour of a “supranational approach” similar to cross-border proposals put forward by the Organisation for Economic Cooperation and Development (OECD).

Goldman-backed telecoms firm on brink of £200m Talktalk deal

HARRY ROBERTSON
@harryrobertson

GOLDMAN Sachs-backed telecoms firm City Fibre could seal its £200m takeover of a Talktalk division as soon as this weekend.

The deal, which was first reported in August, was put on hold in November when Jeremy Corbyn’s Labour party vowed to nationalise BT’s broadband infrastructure arm and provide free broadband if they won the December General Election.

Following the Conservatives’ thumping election win, however, the sale of Talktalk’s Fibre Nation unit was put back on track and could be announced over the coming days, Sky News reported yesterday.

Talktalk entered discussions with various firms about the purchase of Fibre Nation following the election, but has chosen to press on with the deal with City Fibre, which is part-owned by Wall Street giant Goldman Sachs.

One source cautioned Sky that there was a small chance that the deal could not come off, however.

Power up Microsoft pledges to become ‘carbon negative’ by 2030 through new fund

MICROSOFT will go “carbon negative” by 2030, senior executives announced yesterday, as the tech giant seeks to take responsibility for its emissions footprint.

The commitment means that Microsoft will cut its emissions by half, while simultaneously removing more carbon from the atmosphere than it emits annually, resulting in a net emissions total of less than zero.

To do so, the company is launching a $1bn (£800m) climate innovation fund using its own capital to accelerate sustainability solutions.
Industrial firm Ashtead hailed best-performing UK stock of the decade

HARRY ROBERTSON
@hrobertson

ASHTEAD Group, an industrial equipment rental firm, was the best performing stock on the UK’s FTSE 350 over the last decade, data firm Refinitiv said today, with a compound annual growth rate of over 40 per cent.

A £1,000 investment 10 years ago in Ashtead, which was founded in Surrey and is now City-based, would have been worth more than £35,000 at the end of 2019, Refinitiv said.

In second and third place respectively were buyout specialist Melrose Industries and property firm Rightmove. Melrose had a compound annual growth rate (CAGR) of 12.3 per cent, while Rightmove’s was 30.5 per cent.

In the decade following the financial crisis, US markets were the best performers, with the S&P 500 index achieving a 13.6 per cent annualised return.

In comparison, the UK’s FTSE 100 managed a 7.4 per cent annualised return. Britain’s blue-chip index was outperformed by its smaller sibling, the FTSE 250, which achieved a 12 per cent annualised return.

“This is no financial crisis, and British industry is performing well,” said the Chairman of Refinitiv’s Starmine division.

Smart meter firm Calisen yesterday confirmed its intention to float in London next month with the goal of raising £300m.

The float will value the company at around £1.5bn.

The energy company, which is backed by private equity firm KKR, said it would use the funds to clear debt and support future growth.

Ex-Eiropcom boss Phil Nolan is joining the firm as chairman.

“We expect new shareholders in the company to benefit from Calisen’s strong position in Britain’s smart metering segment,” he said.

Banks advising on the float include Credit Suisse, Citibank, HSBC, Barclays and Goldman Sachs.

Value of private UK buyouts nearly doubles

JAMES WARRINGTON
@jamesbooth1

The value of private equity and venture capital deals almost doubled in the last quarter of 2019, boosted by a spate of mega-buyouts worth over €1bn (859m).

According to Goodbody, the value of private equity deals totalled €7bn in the three months to 31 December, more than double the £3.6bn in the three months to 30 September.

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British security chiefs have long argued that their organisations should be exempt from data privacy laws, as the collection of communications information was key in fighting terrorist threats.

But this has led to clashes with data privacy campaigners and the surveillance watchdog, which last year concluded that MI5’s collection of personal data was unlawful.

Bordona’s opinion, which came in response to a case put forward by charity Privacy International, also related to data collection by spooks in France and Belgium.

The opinion is non-binding, and the court is expected to issue its opinion in the coming months.

Amount of credit given to UK businesses dives

ANGHARAD CARRICK
@angharadcarrick

The amount of credit made available to businesses last quarter fell to a level not seen since the global financial crisis.

The Bank of England’s (BoE) credit conditions survey released yesterday showed that available credit for businesses fell for its sixth successive quarter in the fourth quarter of 2019.

It dropped to minus 9.2, down from minus 3.5 in quarter three — its fastest rate since the first quarter of 2009.

Howard Archer, chief economic adviser at EY’s item club, suggested that lenders had been concerned about domestic political uncertainty and a struggling economy.

Business demand for borrowing was also reported to have fallen across all sizes.

Colin Jackson, financial analyst at Goodbody, said that despite the gloomy outlook, “the survey results are unlikely to fully account for the significant Tory victory in the UK General Election and the economic certainty this victory presents”.

The survey may do little to dampen the BoE’s Monetary Policy Committee’s concerns over subdued economic activity, as the bank expects demand for credit for business investment to fall.

The collection of personal data was ruled by the court as unlawful.

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Vauxhall and Peugeot owner PSA suffers 10 per cent slump in sales

ALEX DANIEL
@alexmdaniel
THE PARENT company of Vauxhall and Peugeot, PSA, saw sales volumes in China, the Middle East and Africa drop by 2.5 per cent last year, as declining volumes in China, the Middle East and Africa came to bear on the car maker.

PSA, which is part-way through a merger with Fiat Chrysler, saw sales decline by 2.5 per cent in its home European market to 3.1m vehicles. Opel-Vauxhall suffered the steepest fall, down 6.4 per cent year-on-year. However, an increase in sales of light commercial vehicles helped PSA take a 16.8 per cent market share. This is slightly down on its 17.1 per cent market share last year. According to figures published by the European Automobile Manufacturers Association, Volkswagen and Renault both outperformed PSA in the passenger car market. Meanwhile, Fiat Chrysler was hit by a 7.3 per cent fall in car sales in Europe, as it gears up for the $50bn deal with PSA that will form the fourth largest car maker in the world. PSA’s biggest rival, Renault, is due to publish its 2019 sales results today. Referring to its line-up of small passenger cars, PSA said: “2019 was a year of consolidation for Peugeot.”

Renault voices ‘real desire’ to heal Nissan pact

ALEX DANIEL
@alexmdaniel
RENAULT’s chairman has dismissed claims that the 20-year partnership between the French manufacturer and Nissan might be breaking down. Jean-Dominique Senard said yesterday that there was a “real desire” at the alliance to make a success of it.

This comes despite more than a year of turmoil caused by the arrest of its architect Carlos Ghosn. The former Nissan boss was detained in Tokyo in November 2018 on financial misconduct charges, all of which he denies. Ghosn disrupted attempts to restore order by fleeing the Japanese justice system for Lebanon. At his subsequent press conference in Beirut he said the alliance, now little more than a “masquerade”, was doomed.

Nissan has robustly denied his allegations that it plotted to unseat him to rid the alliance of French influence from Renault. Meanwhile, both firms have poured scorn on suggestions that two decades of collaboration have turned sour.

“We have a board overseeing the alliance which is made up of people who are all extremely in favour of [it],” Senard said.

“There is a common desire to associate our strategic plans and a real desire to make this alliance a success.”

He described reports that Nissan was wargaming scenarios for a future outside the alliance as “fake news”. However, he repeatedly declined to comment on Carlos Ghosn. “I only think about the future,” he said.

Senard told reporters that the operating board of the alliance would meet this month. He said they would discuss future industrial plans which could muster “substantial” savings, but refused to give more detail.

Both Nissan and Renault are enduring periods of instability at the top. A new chief executive started at the Japanese firm in December, and inherits a company reeling from plummeting sales. Renault is still searching for a new boss after firing Ghosn-allied Thierry Bollore in October.

Volkswagen chief says firm faces trouble without urgent reforms

MICHELLE MARTIN
VOLKSWAGEN needs to accelerate the overhaul of its business to avoid becoming another Nokia, which lost its dominance in the handset market to Apple, the German car maker’s chief executive said.

The multi-brand car and truck maker wants to raise its market value to €200bn (£170.4bn) from around €91bn at present, by revamping its assets, slashing costs, and expanding into new technologies like connected cars.

Car makers are accelerating research and development spending to keep up with tech rivals who are racing to build a self-driving car at a time when regulators have tightened emissions rules, forcing manufacturers to clean up combustion engines and develop zero-emission electric vehicles.

“The big questions is: Are we fast enough?” Herbert Diess said following a global board meeting yesterday. “If we continue at our current speed, it is going to be very tough.”

GOING, GOING, GHOSN Fugitive ex-car boss’ Japanese lawyer quits amid scandal

CARLOS Ghosn’s Japanese lawyer yesterday quit his job defending the former Nissan boss. Junichiro Hironaka had been representing Ghosn in his defence against financial misconduct allegations, but quit yesterday in the wake of Ghosn’s escape.

Heal Nissan pact ‘real desire’ to make alliance successful

The arrest of Nissan chief executive Carlos Ghosn has plunged the future of the alliance with Renault into doubt. However, Jean-Dominique Senard, Renault’s chief executive, said there was a “real desire” to make this alliance a success.

Senard, a former Nissan director, said: “We have a board overseeing the alliance which is made up of people who are all extremely in favour of it.”

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SOME years ago I did some work that brought me into contact with Taiwan and, more importantly, a small but influential group of figures in Westminster who had long seen the moral and strategic case for backing the island state. Taiwan’s independence. Meeting Taiwanese officials for lunch we’d done its best to interfere in this election, leading one Taiwanese newspaper to say: “If China is so keen on involving itself in elections why doesn’t it have some of its own?” The bottom line is that anyone who supports democracy, self-determination and liberty is automatically viewed as a threat. China’s bullying approach should be condemned.

Wood Group’s shares climb on profit forecast

ANNA MENIN @annamenin

SHARES in John Wood Group rose almost eight per cent yesterday after the oilfield services provider said it expects higher core earnings for 2019, with a strong performance from its engineering services unit offsetting slowing onshore drilling demand in the US.

In an update to the stock exchange yesterday, the firm said it expects adjusted earnings before interest, tax, depreciation and amortisation (Ebitda) to be between $850m (£652m) and $860m for the year ending 31 December, compared with $693.8m a year earlier.

“Our full-year 2019 results will demonstrate earnings growth, margin improvement and a strong operational cash generation, resulting in a reduction in net debt,” said chief executive Robin Watson.

Wood said it expects revenue of around $10bn for 2019, in line with the previous year, reflecting “generally robust activity”, with better than anticipated cash generation in the second half helping to reduce net debt to below $1.5bn.

The company said the company “continue[s] to make good progress on portfolio rationalisation. Looking ahead, our business is well positioned across its energy and built environment markets and we expect to deliver good growth in 2020.”

Wood also announced yesterday that Birgitle Brinch Madsen would join the company as a non-executive director.

“The board outcome reflects the company’s model, which has been performing strongly in a number of sectors,” said Wood.

The Sewelo diamond, at 1,758 carats is the second biggest gem ever found

Louis Vuitton to make jewellery from second biggest diamond

EDWARD THICKNESSE @edthicknesse

LOUIS Vuitton has entered into a partnership with Canadian company Lucara to make jewellery from the second largest rough diamond ever mined, in a sign of its growing ambitions in the high-end jewellery market.

The Sewelo diamond, which was found in Botswana in April 2019, clocks in at 1,758 carats, second only to the legendary Cullinan diamond.

In partnership with HB, an Antwerp-based diamond manufacturer, Louis Vuitton will make jewellery from the stone.

Lucara will receive an upfront non-material payment for the Sewelo and retain a 50 per cent interest in the individual polished diamonds that result.

Lucara’s chief executive Erica Thomas said: “We are delighted to be partnering with Louis Vuitton, the famous luxury house, to transform the historic Sewelo, Botswana’s largest diamond, into a collection of fine jewellery that will commemorate this extraordinary discovery in Botswana.”

Germany plots exit from coal in €40bn deal

EDWARD THICKNESSE @edthicknesse

THE GERMAN government has agreed to a €40bn (£34.2bn) deal to help workers and companies as part of plans to end the use of brown coal powered plants by 2038.

The deal, which was announced by economic minister Peter Altmaier yesterday, is part of a package of measures which will enable Europe’s largest economy to cut its fossil fuel emissions by 55 per cent of their 1990 levels by 2030.

In talks which lasted most of the night, the government agreed to pay up to €14bn to coal-mining states Brandenburg, North Rhine-Westphalia, Saxony-Anhalt until 2038, spokesman Steffen Seibert said.

Other measures, worth up to €26bn, would be commissioned by the federal government to help brown coal regions in the same time period.

Seibert also announced that energy-intensive companies would be provided with annual subsidies from 2022 to help ease the burden of higher electricity costs caused by the coal exit. The bill will be heard by the government on 29 January.

Sources told Reuters that the government plans to pay supplier RWE roughly €1.8bn in compensation for shutting down its coal-powered plants. The firm will cut 6,000 jobs – roughly a third of its workforce – by 2030.

It had estimated it would receive compensation of €3.1bn, excluding lost profit from its power stations.

CAN I QUOTE YOU ON THAT?

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Finsbury Food shares slump amid a slowdown in international sales

JESS CLARK
@jclarkjourno
SHARES in Finsbury Food dipped yesterday as the baked goods producer reported that international sales dropped in the last six months of 2019.

The food manufacturer, which produces Mary Berry products, Mars cakes and Vogel bread, reported that sales in its overseas division fell 3.5 per cent in the six months to 28 December compared to the previous year.

Like-for-like sales decline of 1.9 per cent due to a "difficult consumer backdrop".

Like-for-like sales in the 11 weeks to 12 January were up 1.5 per cent, as the company’s core Christmas offering and Frozen 2 products performed well.

However, the retailer said it had to boost discounting following a slower start to the post-Christmas sale.

The company also issued its interim results for the 26 weeks to 27 December.

Lekoil fraud firm launches its own inquiry into case

EDWARD THICKNESSE
@edthicknesse
THE CONSULTANCY which is alleged to have brokered Lekoil’s loan deal with a Qatari wealth fund yesterday announced its own investigation into the matter.

Seawave Invest, which the West African oil explorer said it had paid $600,000 (£460,000) for introducing it to the individuals “purporting to be the [representatives] of the Qatar Investment Authority (QIA)” said it takes the allegations “very seriously”.

It added that it could not comment on the “details of the existing transaction”, but welcomed Lekoil’s investigation.

Bismarck Abrafi, who is listed as managing partner of the organisation, told City A.M. that the fund had no knowledge of any loan.

The company had now updated its webpage in question to show the message “UPDATE in progress”.

Shares in Lekoil fell over 70 per cent on Tuesday after the company revealed that it had fallen victim to the alleged fraud.

In a statement, the firm said the deal “seems to have been entered into by the company with individuals who have constructed a complex facade in order to masquerade as representatives of the QIA.”

Seawave has now updated its website in question to show the message “UPDATE in progress”.

Number of small pubs in the UK rises for the first time in 15 years

JESS CLARK
@jclarkjourno
THE NUMBER of small pubs and bars increased for the first time in 15 years, according to the Office for National Statistics, which said that the future of Lekoil’s 17 per cent stake in the field is now reportedly in doubt, as the company needs to find $460m by next month.

The company’s share price jumped more than four per cent to 85p, before recovering slightly to close 2.5 per cent lower at 97p at market close.

However, total sales were up in the period, jumping 4.7 per cent on the previous year to reach £159.3m.

The overall growth was driven by the group’s core UK bakery division, which grew by 5.8 per cent during the six months.

In a statement yesterday the company said: “Notwithstanding the group’s continued momentum, management are cognisant of the difficult trading environment and wider macroeconomic uncertainty, and remain focused on innovation, efficiency and investment.”

Finsbury Food said it is trading in line with market expectations for the full year, and will announce its interim results on 24 February.

In its latest results, released in October, the company reported revenue growth after it launched new vegan and healthy product ranges.

The food firm sells a range of baked goods to an international market

Hays blames UK uncertainty for profit warning

ANGHARAD CARRICK
@angharadcarrick
RECRUITMENT firm Hays issued a profit warning yesterday, blaming political uncertainty for a slow three months to the end of December.

The group anticipates first-half operating profit to be around £100m down from the £124m reported in the same period last year.

London-listed shares fell by as much as nine per cent in early trading, but recovered to close 3.4 per cent lower to 166.7p at the bell.

Group net fees fell four per cent on a like-for-like basis in the second quarter. The firm blamed a strong pound as the main reason for the steep fall.

Hays said net fees for the private sector in the UK and Ireland fell eight per cent due to the significant uncertainty generated by a prolonged Brexit and the snap election.

Chief executive Alistair Cox said: “Conditions in the UK remained uncertain, particularly before the election, although the result may provide impetus over time.”

It echoes concerns laid out by rival recruitment firm Robert Walters, which posted a 23 per cent drop in UK profits last week. Chief executive Robert Walters told City A.M. “We are rather like stock markets in that we don’t like uncertainty. The fact there was a [decisive] result in the election is a good thing in itself.”

The Works chief executive resigns following weak Christmas update

JESS CLARK
@jclarkjourno
THE WORKS chief executive Kevin Keaney has stepped down after nine years, two months after the discount art retailer issued its second profit warning of 2019.

The company’s share price jumped nine per cent to 53.8p yesterday after it announced that finance chief Gavin Peck will replace Keaney, as the firm issued an update on the Christmas trading period.

Like-for-like sales in the 11 weeks to 12 January were up 1.5 per cent, as the company’s core Christmas offering and Frozen 2 products performed well.

However, the retailer said it had to boost discounting following a slower start to the post-Christmas sale.

The company also issued its interim results for the 26 weeks to 27 October last year, reporting a like-for-like sales decline of 3.9 per cent due to a “difficult consumer backdrop”.

It suffered an adjusted earnings before interest, tax, depreciation and amortisation (Ebitda) loss of £4.3m, which it said reflected the seasonal nature of the business. Peck said: “I am pleased to report that the company delivered a solid performance during the key Christmas trading period.”

The discount retailer sells a wide range of books, arts and crafts, gifts and games

The food firm sells a range of baked goods to an international market
Crossrail 2 might have already been slapped with delays, says Khan

STEFAN BOSCIA

Crossrail 2 might have been delayed before government approval has even been given, according to Sadiq Khan. The £41.3bn rail project—a new Tube line running from north to south London—is in limbo as it awaits for the Department for Transport (DfT) to deliberate on its business plan.

Under the current funding model, Transport for London (TfL) would be expected to pick up half of the £41.3bn bill. Speaking at Mayor’s Question Time yesterday, Khan said Crossrail 2 is already facing a hurdle to opening on time, an unspecified year in the 2030s, thanks to the near three-year delay of Crossrail 1. "Funds earmarked for Crossrail 2 have been temporarily diverted to repay the central government package to complete the Crossrail Elizabeth line," he said. "This means that unless there are other ways of agreeing with the government on how construction will be funded, London will not be able to pay 50 per cent without delaying Crossrail 2." Khan added that he would "explore options in this context for taking Crossrail 2 forward to the next stage".

Some are speculating the near three-year delay and budget overruns of Crossrail, coupled with the government’s plans to invest heavily in the north of the UK, mean Crossrail 2 will not receive the government’s final tick of approval. The Elizabeth Line was originally expected to open in December 2018 at a cost of £14.8bn.

MATES DOWN UNDER

City of London to host Australian bushfires relief fundraiser

THE CITY of London Corporation will host a charity fundraising dinner in aid of the Australian bushfires relief effort. The event, held in partnership with the Australian High Commission, will be hosted in the heart of the City at Mansion House in March.

Halfords hails Christmas bike sales for profit

JOE CURTIS

Strong Christmas bike sales helped Halfords to full year profit growth of between £30m and £35m yesterday as it unveiled figures for the festive period.

Group revenue rose 4.6 per cent in the 14 weeks to 1 January while like-for-like sales climbed 1.3 per cent as the repair shop reconfirmed its operating profit target. Cycling sales jumped 5.9 per cent on a comparable basis, as Halfords staff built 86,000 bikes in the week before Christmas.

Meanwhile, autocentre revenue soared 31.2 per cent in Halfords’ third quarter and like-for-like autocentre grew 4.6 per cent.

The company’s share price rose 5.5 per cent to 153.5p.

In Brief

Dechra Pharmaceuticals has rough day after slow first half announced

Dechra said: ‘This decline was attributable to the supply issues outlined above and is also due to a strong comparable period last year that benefitted from exceptional sales of Zycloral as a result of a competitor being recalled.’

Chief executive Ian Page labelled the first half of the year “satisfactory”. "Trading in Europe was good while North American growth, as expected, was constrained but should now resume as we return to normal supply chains and治疗 efficacy rates," he said.

“Our recent acquisitions are integrating well, and we were pleased to reach agreement to acquire Osurnia. “We therefore remain confident in our prospects for the second half and for the year as a whole.”

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“Our recent acquisitions are integrating well, and we were pleased to reach agreement to acquire Osurnia. "We therefore remain confident in our prospects for the second half and for the year as a whole."
Flybe rescue secrecy is absurd

The alliance between Flybe’s owners has always looked unstable

Mark Kleinman

S

O MUCH for open government. It shouldn’t be too much to expect the ministry responsible for the public finances to disclose the potential liability to taxpayers of a private company bailout. Let’s take the Treasury’s statement about the government-backed rescue of the regional airline Flybe this week, there was scant detail and even fewer numbers. True, one of the main components of the deal, a loan on commercial terms, has yet to be finalised. That fact alone suggests the tri- umphant tone of tweets by Andrea Leadson and Grant Shapps — the business and transport secretaries — proclaiming that Flybe’s future had been salvaged was premature. With a key financial lifeline yet to be agreed, ministers risk being acutely embarrassed if such a tentative deal unravelled. If so, the announcement was confirmation of the Treasury’s statement about substantial new investment, indicating the health of the region’s transport industry. The three shareholders in Flybe’s parent Connect Airways have had nothing to add. The Treasury and the regional airline’s management group has U.K. regional hub

CHISM SCHISM?

Chrim & Chism, chief executives of IAG and British Airways, have put the company on the brink of a deal that won’t be enough to save it. The two visionary leaders are attempting to leave their desks after next month’s Whitehall reshuffle. I hear the Treasury’s intervention lead to the rescue collapsing, they have a point. The Treasury should publish full details of the proposed deal – the current obfuscation is an insult to taxpayers.

NO TIME TO CHARGE FEES

Andrea Leadson, chief executive of Flybe, was on standby to handle an administration of the company. Without further financial support, that risk remains real, even after the injection of £30m by the consortium which owns it. The three shareholders in Flybe’s parent Connect Airways have had mixed feelings for several months about substantial new investment, after seeing an initial £100m debt and equity injection since taking ownership fail to address the airline’s challenges. In truth, the alliance between Virgin Atlantic, Stobart Group and Cyrus Capital Partners always looked an unstable one. Legal protests lodged by rival airlines such as IAG, the owner of British Airways, make the declaration of victory even riskier. Yesterday, Ryanair chief Michael O’Leary added his combative voice to those opposing Flybe’s state-backed rescue. He has threatened to sue the government if the Treasury fails to answer key questions about the arrangements within seven days. While O’Leary and Willie Walsh, IAG’s chief executive, risk painting themselves as corporate bullies if their interventions lead to the rescue collapsing, they have a point. The Treasury should publish full details of the proposed deal – the current obfuscation is an insult to taxpayers.

Return on investment is the main driver for private equity.

Return on investment is the main driver for private equity, investing in other insurance brokerage firms. Goldman’s invested in Aston Lark, and Aston Lark in turn invested in Dublin-based Wright Insurance and Robertson Insurance and Poole-based Highworth Insurance. Qatar acquired the Kent-based Markerstudy Group for nearly £100 million, while Markerstudy invested in the UK’s fifth largest broker Aston Martin Lagonda and used to have a seat on the Ukrainian company’s board. Trump’s efforts have led to the Republican being impeached on charges of abuse of power and obstruction of Congress. The president, who denies wrongdoing, faces a trial later this month that began yesterday amid 2020 election campaigning.

Return on investment for AnaCap. 4.5x return on a three-year investment for AnaCap. Levels of broker acquisitions are peaking, however, given that acquisition prices are rising and investors have a return of investment obligation to their shareholders. That will come at the time of an exit. Expect additional investments in 2020 but expect to see fewer preparations for realisations of returns too.

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Large increase in mergers and acquisitions (M&A) occurred in the first half of 2019 than in any six-month period over the last four years according to global law firm Clyde and Co. The rationale behind this phenomenon is to either exit investments by selling them at higher prices or listing them on the stock exchange. The United Kingdom attracted more than £6 billion over the past five years from global investment firms and insurance brokerage groups such as Marsh & McLennan Companies (Marsh), The Ardonagh Group (Ardonagh), ICG Partners (HPS Investment Partners and HPS Investment Partners Management LP). In May 2019, the private equity division of Goldman Sachs (the Merchant Banking Division) became the largest shareholder of the UK’s fifth largest broker Aston Lark, paying a reported £320 million to Bowmark Capital for its shares since it floated in London little more than a year ago. The stock price is down by more than three-quarters. This week, analyst at Jefferies argued that the company now needs to raise as much as £500m in fresh equity. One piece of reassuring news is that Lawrence Stroll, the billionaire founder of the company owns it.

CRIMINAL CYCLONE?

Let’s be clear, though – a review or an agreement is a long way from bringing Flybe back from the brink. As I reported on Sky News on Sunday evening, the Big Four accountancy firm PwC was on standby to handle an administration of the company. Without further financial support, that risk remains real, even after the injection of £30m by the consortium which owns it. The three shareholders in Flybe’s parent Connect Airways have had mixed feelings for several months about substantial new investment, after seeing an initial £100m debt and equity injection since taking ownership fail to address the airline’s challenges. In truth, the alliance between Virgin Atlantic, Stobart Group and Cyrus Capital Partners always looked an unstable one. Legal protests lodged by rival airlines such as IAG, the owner of British Airways, make the declaration of victory even riskier. Yesterday, Ryanair chief Michael O’Leary added his combative voice to those opposing Flybe’s state-backed rescue. He has threatened to sue the government if the Treasury fails to answer key questions about the arrangements within seven days. While O’Leary and Willie Walsh, IAG’s chief executive, risk painting themselves as corporate bullies if their interventions lead to the rescue collapsing, they have a point. The Treasury should publish full details of the proposed deal – the current obfuscation is an insult to taxpayers.

Chism, chief executive at the Department for Business, Energy and Industrial Strategy (BEIS), is about to step down from the role. A former KPMG infrastructure partner, Chism led BEIS’ Brexit readiness events across Britain in recent months. Let’s hope the department’s decision not to replace him isn’t a sign of overconfidence.

Spectre of its calamitous IPO will hover over the London market for some time to come.

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UNDERWHELMING trading updates for Pearson and Whitbread broke a three-day winning run for London’s main index yesterday, while investors exercised caution amid a lack of clarity on some elements of the US-China trade deal.

The FTSE 100 drifted in and out of the red but ended 0.4 per cent lower. The FTSE 250, however, cut its 0.2 per cent gain, helped by a strengthening of the pound as well as an eight per cent leap in Wood Group after the oilfield services provider forecast higher 2019 pre-tax earnings.

Education company Pearson sank nine per cent to the bottom of the FTSE 100 and hit its lowest level since October 2008 after saying earnings would be lower due to sharp declines in sales at its US higher education business. Premier Inn owner Whitbread followed with a 5.1 per cent fall after it reported lower UK like-for-like sales and warned that clarity on Brexit following a decisive British election outcome had yet to deliver a bounce in business bookings.

The analysis carried out by Flyzen for BA flights ‘more carbon intensive’ than rivals

FAA should mandate safety systems for Boeing, says expert committee

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CITY MOVES WHO’S SWITCHING JOBS

CHARLOTTE ST PARTNERS
Strategic communications consultancy firm Charlotte Street Partners has appointed Sarah Buchanan-Smith as partner, based in the company’s London office. Sarah will focus on developing Charlotte Street’s financial communications and investor relations offering, with a particular emphasis on supporting new and existing clients in the London market. She has worked in a variety of investor relations, change management, and consultancy roles in her career to date. Prior to her move into investor relations, Sarah worked for more than 15 years as a change management consultant on complex business transformation programmes, playing a key role in shaping progressive business processes and strategies to optimise performance and deliver tangible operational benefits for clients including RBS, Lloyds TSB, Morgan Stanley and Barclays Capital. Commenting on her new appointment, she said: “I have followed the progress of Charlotte Street Partners closely over the last six years so I am thrilled to be joining the agency.”

BIRD & BIRD
International law firm Bird & Bird has announced the arrival of Frederick Mostert, who joins the London intellectual property (IP) team as a counsel. An eminent figure in the IP world, Frederick previously served as president of the International Trademark Association and the current president of the Luxury Law Alliance. He also has valuable in-house experience, having served as chief intellectual property counsel and chief legal counsel of luxury group Richemont, which includes world famous brands such as Cartier, Van Cleef and Arpels, Alfred Dunhill, and Chloé. Frederick commented on his new role: “I am delighted to be working with the IP team at Bird & Bird, many of whom I already know. My interests in brands and digital online issues makes Bird & Bird the perfect match for me and my clients.”

HASSIUM
UK wealth management boutique Hassium Asset Management has announced the appointment of Simon Pinckney as managing director. Simon brings to Hassium a wealth of investment experience and client servicing with a career spanning over 25 years in the City. His career includes senior investment roles in wealth management working at Rowan Dartington, Coutts, Investec and HSBC. He is uniquely qualified to support Hassium’s continued growth in discretionary investment management services and investment consulting for families, trusts, foundations and high net worth individuals. He will take on the role of chief executive and founder of Hassium, said: “We are thrilled to have [Simon] with us and look forward to working together.”

To appear in CITYMOVES please email your career updates and pictures to citymoves@cityam.com

NEWS

FAA should mandate safety systems for Boeing, says expert committee

DAN SHEPARDSON

AN EXPERT committee yesterday recommended the Federal Aviation Administration (FAA) require Boeing and other aircraft manufacturers to adopt new safety management tools in the wake of two fatal Boeing 737 Max crashes that killed 346 people.

Boeing has grounded its entire 737 Max fleet, halting deliveries of its best selling commercial airliner, after an Ethiopian Airlines flight crashed in March last year.

It was the second 737 Max to crash in a matter of months, after a Lion Air plane crashed in Indonesia in October 2018.

The expert panel, led by a retired Air Force general and a former head of the Air Line Pilots Association, also called for improvements in how the FAA certifies new planes. It did not back ending the long-standing practice of delegating some certification tasks to aircraft manufacturers.

The panel, which was named by US transport secretary Elaine Chao in April, recommended the FAA mandate Safety Management Systems (SMS) for “design and manufacturing organisations.”

The FAA currently requires them for airlines. The special committee report released yesterday said “unlike the current certification system’s focus on compliance, SMS foster a holistic assessment of whether the combinations of actions such as design, procedures, and training work together to counter potential hazards.”

Boeing’s safety culture was harshly criticized last week after it released hundreds of internal messages about the development of the 737 Max, including one that said the plane was “designed by clowns who in turn are supervised by monkeys.”

BA flights ‘more carbon intensive’ than rivals

ALEX DANIEL

FLYING with British Airways can increase CO2 emissions by as much as 45 per cent per passenger compared to rival airlines, according to a snapshot investigation.

The analysis carried out by Flyzen for which magazine found that one passenger flying from Heathrow to Miami with British Airways would be responsible for 1.13 tonnes of carbon. The same journey with Virgin Atlantic is responsible for about 860.9 kilos. The difference — 544 kilos of CO2 for a return journey — is about the equivalent of more than two months of electricity in the average UK home, according to Which.

“However, a British Airways spokesperson slammed the investigation, saying the data was “several years out of date”.

“The conversation about climate change is too important to be undermined by studies using such re-search,” they said.

“Which only looked at two per cent of our flights and their paid-for calcula-tions... are completely at odds with the figures calculated by the range of airlines they claim to have investigated.”
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The Flybe bailout flies in the face of market common sense

BY THE END of 2019, the UK and US had achieved a £100m temporary tax break to keep its planes in the air. This deviation from the laws of market economics has not gone unnoticed. In addition to the general backlash over taxpayers subsidising an airline whose main shareholders include Virgin Atlantic (owned by billionaire Sir Richard Branson), British Airways, which competes with Flybe on some routes, has filed an official complaint with the European Commission.

It is ironic that the EU, long held up by eurosceptics as a behemoth of protectionist bureaucracy, is now looking into whether the market-oriented approach to state aid that ban distorting competition. Also pushing for “fair competition” is the Ryanair boss Michael O’Leary, who has called for all airlines to get a tax break like Flybe. It has been noted too that diving in to rescue an airline that exclusively runs short-haul flights, one of the highest polluting forms of travel, flies in the face of Boris Johnson’s post-electoral commitment to make Britain the “cleanest, greenest” country on Earth.

No one is questioning why the rules were bent for Flybe. It can be summed up in two words: regional connectivity. Flybe, we have been told ad nauseum this week, may not matter much if you live in London, but the airline is vital to the “left behind” places that have been in forces since the election – Birmingham, Manchester, Belfast, the Isle of Man, Exeter, or Newquay in Cornwall. Without it, we have been warned that regional airports would collapse, and with them the ability of the communities they serve.

In this topsy-turvy world where the Conservatives are now the party of anywhere outside the M25 and MPs are trudging around the country to talk about “levelling up” the regions, letting Flybe fail wasn’t an option. It just didn’t fit with the messaging that won Johnson the election. And if the government’s priority genuinely is investing in forgotten parts of the UK and building centres of corporate gravity outside London, then the message is clear.

Defying both the tenets of market economics and the pressure to focus on environmental sustainability may be deemed a price worth paying for the ability to fly direct from Cornwall to Luxembourg or Manchester to Aberdeen.

But if that’s the case, the government should be honest with itself and with taxpayers: it doesn’t care about curbing public spending, cutting taxes, promoting competition, or moving towards a greener economy as much as it cares about ensuring that a relatively small group of people in a handful of places of comparatively low national economic importance still have an airline. This is a risky and short-termist way to run a country, especially when global headwinds hint of a recession on the horizon. With slowing growth in key markets, a still-smouldering US-China trade war, the inescapable disruption of Brexit, and the looming threat of climate change to businesses across a range of industries, the UK is going to need all the firepower it can muster.

That means making decisions to maximise productivity and long-term economic sustainability, not handing out cash in a panic because allowing a company to fail wasn’t in line with the new branding. Genuinely is investing in forgotten parts of the country, or upskilling people from those areas, could have been disastrous for a small number of businesses and individuals who rely on it, and damaging for the communities it serves. But over time, smarter and more viable transport options would have emerged – and if they didn’t, the government could have designed a more sustainable investment package based on upgrading rail infrastructure across the country or upskilling people from those areas.

In opting instead for a short-term subsidy, the government hasn’t only jeopardised both the market traditions of the Conservative party and the green credentials of the Prime Minister. It has revealed a set of skewed priorities that could leave it poorly equipped when the next crisis strikes. — Jumana Saleheen

For more on the Flybe bailout, read Rachel’s blog on the … and the rest of the week’s analysis.
Times change, but the purpose of finance remains the same

N JANUARY 2007, I walked into my first day in a role at one of the world’s leading global financial institutions with all the excitement that comes with a new job. Like many of those working in the industry at that time, I didn’t foresee the hurricane that was about to hit in the shape of what we now refer to as the global financial crisis.

This was, of course, merely the beginning of a period of challenges, transformation and reinvention, much of which is still underway. A little over a decade on, I now head up TheCityUK, an organisation born out of those same storms, founded to convene the collective voice of the many sectors across the financial industry. Our aim today remains fundamentally the same as it was then: to champion and support the success of the financial and related professional services ecosystem.

This year, TheCityUK celebrates its tenth anniversary, a milestone of transformation and reinvention, a beginning of a period of challenges, and a further 40 per cent in the decade. As well as increasing transparency and efficiency while reducing costs, fintech has also opened up access to finance, offering customers faster, more effective products and services. Online banking usage has almost doubled across the decade. In 2017, over 40 per cent of the population used banking apps, and we saw a year-on-year increase of 9.5 per cent in the number of people using contactless payments. Lawtech, regtech and insurtech — to name just three new fields — are also burgeoning areas of innovation across the industry.

However, while today’s landscape might look different to that of a decade ago, the challenges and opportunities are no less significant: continuing to rebuild trust; integrating revolutionary new technologies; adapting to the changing needs and expectations of employees, employers and customers; and addressing shifting demographics and the rapid rise of emerging global financial centres.

Nor is its national economic importance diminished in any way. The financial services sector is the country’s largest taxpayer and our biggest exporting industry — generating a trade surplus almost equivalent to all other net exporting industries combined.

In a period of such unprecedented transformation, the unique benefits of the UK ecosystem puts our industry in a strong position — but we cannot be complacent. We must be able to adapt, while staying committed to our core purpose.

Today, there are newer, faster and more efficient ways to access the essential services and products we provide than there were in 2010. But fundamentally, the purpose of this industry remains the same.

It helps people to buy a home, to invest, to save, to prepare for retirement, to mediate disagreements, to start and grow businesses, to protect and manage risk, and to generate economic security and growth.

As we look ahead to our next 10 years, these essential elements remain at the core of our work. The next decade promises to be full of change, of innovation, and undoubtedly of unpredictability. But one thing is certain: TheCityUK and the industry we represent are up for the challenge.

Miles Celic is chief executive of TheCityUK.
Canary Wharf has been illuminated once again as it prepares for its first residents.

Those who have taken a walk around Canary Wharf in the last week or so will have noticed some strange-looking structures popping up in the area’s streets, squares and parks. Last night the purpose of all this finally came to light – literally, as the sculptures burst into vibrant illumination to mark the beginning of the sixth annual Winter Lights festival.

There are 25 installations in total, displaying what Canary Wharf calls an “eclectic curation of work at the intersection of technology and art”.

One of the highlights this year is Affinity by Amigo & Amigo, an interactive exhibit which ponders the power of the human brain. Visitors can step into a series of interconnected globes representing neurons and memories, touching them to send a ‘pulse’ around the sculpture.

The Lactolight piece transforms 7,344 recycled plastic milk bottles into “something for everyone.”

Alongside the homes it is also building 380,000 sq ft of shops, bars and restaurants and eight acres of public space, plazas and parks.

The Winter Lights festival runs from 16 - 25 January from 4-10pm.
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People say you should change your mattress every seven years. This time, though, I decided to go a step further, and upgrade my whole bedroom environment to incorporate the latest in sleep technology.

I headed over to West London for a look around the Sleep Loft, the showroom at Rested. They are in the business of ‘sleep engineering,’ consulting with customers to come up with the perfect solution for their individual sleep profile.

With soft music playing and over coffee, I tried out the UK’s most advanced beds and mattresses, along with temperature-regulating sleepwear, bed linens, pillows and duvets. I even tried out soothing sounds and snore-inducing aromas, as part of this 360-degree approach to getting the best quality sleep.

In case you missed it, one of the biggest health trends of 2019 was recognising the power of sleep. Good-quality sleep is the elixir of life, yet if you find it eluding you, then luckily much can be fixed in the furniture department, rather than at the doctor’s.

Rested was founded in 2015 by two brothers, Adam and Toby Walzer, who believe that investing in sleep is one type of shopping that can’t be done online. They recognise the need to try before you buy so we get the right setup for our body shape, weight and sleeping position, as well as the value of being able to explore product options and discuss sleep issues in the hands of an expert.

All of this means Rested’s Sleep Loft is by appointment (slots range from 7am to midnight). You and your partner will have the showroom all to yourselves, with no pressure, so that you can relax, have fun, and discuss every detail of your sleeping habits while bouncing on the mattresses without embarrassment. “There will be one mattress that is right for you as an individual, and we’re here to find that mattress,” Adam says.

Adam explains that we have evolved from sleeping on the floor, to sleeping on a box to sleeping on a fully adjustable bed that keeps our spines aligned throughout the night.

He shows me the king of bed frames, the Auping Royal (from £3,000, and guaranteed for 35 years); standing on the mesh frame to demonstrate how robust it is. As well as five sets of motors that adjust for your preferred sleep position, including sliding you up to read, the Auping accommodates your body’s pressure points in the hips and shoulders. This is also true of Auping mattresses (from £800 for two singles or a double, lasting 12 to 18 years).

“We also advise on the best spending of budget,” Adam says. “For £4,000-£5,000 you can get two motor-adjustable beds, a bed frame and mattresses.”

The modern way of sleeping is for partners to each have their own adjustable frames and mattresses, but pushed together. When it’s time for one person to get up, the Auping will gently lift you, so not to disturb your partner with an alarm. If one of you snores, the Auping, via an app, listens for the rhythmic noise and gently raises your airways.

“We want you to indulge in the newly evolved boundaries of advanced sleep,” Adam says. “It’s a journey to discover just how good your sleep can be.”

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Rested Sleep Engineering, Unit 3, Westmoreland House, Scrubs Lane, London NW10 by appointment and online (rested.com) and Chelsea Design Centre. The Sleep Show/Mindful Living Show runs 6&7 March (mindfullivingshow.com)
Plans for the new Low Line in Southwark have got Londoners a bit excited. The project to rejuvenate railway arches and convert them into shops and green spaces has inevitably drawn comparisons to the High Line in New York’s Meatpacking district, which became an instant hit with tourists when it opened in 2009.

But the design by PDP London architects, which won an 82-strong design competition, is more than just a copy of the stateside linear park. First of all, as the name suggests, the Low Line is more down to earth than its New York counterpart. “What’s interesting about this is that it’s very much on the ground. It’s not an elevated park like the High Line,” says Valerie Beirne of Better Bankside, the Business Improvement District backing the project.

It will cover a stretch of working railtracks running from Blackfriars Road out to The Blue markets in Bermondsey, and focuses on making use of the arches underneath, lots of which are unused or under-used. Ideas put forward so far include yoga studios, food markets, leather workshops, model-making shops, and children’s play areas, and there will also be a Low Line app to help people navigate the area and hear about events.

Beirne says the Low Line shouldn’t feel like one big project, but a series of new additions to the neighbourhoods along the route. These include Southwark, Borough, London Bridge and Bermondsey, parts of which are disconnected by the railway arches although they sit side by side. “It’s not a big set piece that would be imposed on the area,” she says. “The railway has been a physical barrier that has severed neighbourhoods along its length, and the Low Line will improve its permeability and accessibility.”

Pedro Roos, partner at PDP London, says he wants the Low Line to be a “shared natural and cultural resource of the people, by the people and for the people.”

Similar to the High Line, the Low Line is supposed to bring nature into the city. Areas alongside the arches will be pedestrianised and turned into a green walkway with trees, wildlife habitats and community gardens. “We were very interested in how nature and biodiversity could be at the heart of the low line,” says Beirne.

If it works, it could act as a template for other areas of London that are bisected by railways – and there are certainly plenty of those. “We’re hoping we can develop thinking and then it can apply to other parts of London where the railway acts as a barrier,” Beirne says.

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Left: arches that could become part of the Low Line. Above: proposed signage

IT’S HIGH TIME FOR THE LOW LINE

Rejuvenation of railway arches should be a boost for Borough and Bermondsey, says Helen Crane
A HIDDEN LIFE
DIR. TERENCE MALICK
BY STEVE DINNEEN

Capital ‘A’ auteur Terrence Malick returns to the second world war for his 10th feature film, this time telling the true story of Austrian conscientious objector Franz Jägerstätter. Brilliantly played by August Diehl (The Young Karl Marx), Jägerstätter is wrested from his wife and children in their remote farming community in the Austrian mountains and thrown in prison for refusing to pledge allegiance to Hitler.

Of the three-hour run time, there’s roughly an hour spent watching Jägerstätter as he wastes away in jail. Jägerstätter looking out of a window, jancellation working around the yard, Jägerstätter sitting on his bunk staring into the middle distance. The monotony is occasionally broken up by acts of senseless cruelty by the prison guards, ranging from pulling a chair from under him to simply watching Jägerstätter as he wastes away in jail. Jägerstätter looking out in prison for refusing to pledge allegiance to Hitler.

In the end, it’s about faith – faith that there’s something more, something that fleeting happiness will last, something that there’s something more. It’s a story Malick has been telling vant as ever.

If our Netflix habits over the past couple of years are anything to go by, we bloody love a courtroom procedural. The People v. OJ Simpson; When They See Us; Making a Murderer – the list goes on. Basically, if you get your kicks from someone digging out a vital piece of paper from a dusty archive or busting out a surprise witness at the eleventh hour, Just Mercy is for you.

Based on his memoir, it follows young civil rights lawyer Bryan Stevenson (Michael B. Jordan) as he moves to Alabama in the late 1980s with a mission to defend wrongly-convicted, mostly black men who have found themselves on death row.

It focuses on the case of Walter ‘Johnny D’ McMillian (Jamie Foxx) who has been sentenced to death for the murder of an 18-year-old girl despite evidence proving his innocence. The irony that this is taking place in the town where Harper Lee wrote To Kill A Mockingbird, the most prominent American novel on the topic of racial inequality, is lost.

The real-life Stevenson has helped free more than 100 inmates facing unjust convictions. Although Just Mercy is a little long at more than two hours – it may have been better told as a miniseries – and takes a while to get going, it’s worth persevering with for the heartfelt portrayal of this remarkable man.
The alleged theme of circus history is quickly lost in a mystifying narrative, but no matter: Lexicon impresses with an endearing and talented cast and on the strength of its dizzying performances alone.
OFFICE POLITICS

Five tips for starting your own business in 2020

Dreaming of becoming your own boss? Here’s how to make that a reality

A S MANY of us embark on our new year’s resolutions to eat less and get fit, a good 20 per cent of us will be making plans to start a business.

According to Companies House, 2019 was a record year for UK company registrations. An incredible 678,288 new businesses were registered. This is part of an ongoing surge which has seen more people start a business year-on-year since 2012.

Why? Because starting a business has never been easier. Around one in five working age people say that they want to start a business, and there’s a growing trend for keeping hold of a day job while starting a “side hustle”.

Clearly, forging your own path is becoming more popular, but it can feel like a daunting process. Here’s my advice for how to start a business in 2020.

THINK OF AN IDEA AND TEST IT
I always tell people to ask themselves three questions. Is there a gap in the market? What is your passion, hobby, or skill? And is there something out there that you could do better?

Once you’ve come up with an idea, test it. This doesn’t have to be expensive. If it’s a food product, set up trials with friends and family and ask for feedback on taste and price. If it’s a service, do an online survey to ask what people think is a fair price, and what they’d expect in return.

CREATE A BUSINESS PLAN
What goes into a business plan? A good way to look at this is I’m off: idea, market, operations, financials and friends (which includes advisers and those who can help you along the way). You can download a free business plan template from the internet.

BOOTSTRAP YOUR BUSINESS
One of the most important lessons in business and in achieving profitability is learning how to use resources efficiently. As such, use free digital tools such as Dropbox and Google Docs, and time management apps like Toggl.

Accounting software such as Xero is essential so that you’re ready to invoice and keep good records. Also, use video calls where you can save on meeting room space and phone bills.

If you do need finance, look for investment that comes with advice, like a startup loan. Look out for classes where you can pick up skills.

Meanwhile, grab your URL and build a website. There are many easy-build website packages you can get — or go to the Enterprise Nation marketplace to find peer-rated experts and advisers.

GET OUT THERE AND SELL
Start with social media — it’s free and can quickly get you noticed. LinkedIn is essential for a B2B venture, and Instagram if you’re in fashion or food. A Twitter and Facebook page is often a must. Be sure to invest in good images.

FOCUS ON WHAT YOU DO BEST, AND OUTSOURCE THE REST
Once you start to see sales, you need to think about growing your capacity.

Outsource jobs to contractors, freelancers, or copywriters. PR and marketing work well when outsourced.

Hopefully, as the business grows, you’ll be able to give up the job and hire your own winning team.

So here’s to the year ahead, and becoming your own boss.

Emma Jones is founder of Enterprise Nation and author of The StartUp Kit. She will be hosting StartUp 2020 on 18 January. For details, visit enterprisenation.com.

Dreaming of becoming your own boss?
Here’s how to make that a reality
ALL EYES will be on Ascot tomorrow as Defi Du Seuil and Un De Sceaux lock horns again in the Clarence House Chase (3.35pm) after last month’s thrilling Tingle Creek at Sandown.

Only a neck separated the pair that day and there shouldn’t be much between them again.

Every drop of rain that falls between now and tomorrow will only help Un De Sceaux and at the prices I’d rather side with the Irish raider at 13/8 than take odds-on about Defi Du Seuil.

However, the best bet on the Ascot card looks to be Paul Nicholls’ PIC D’ORHY in the competitive Holloway’s Hurdle (2.25pm).

This exciting French recruit made his debut for the Champion trainer in last year’s Triumph Hurdle and fell on his only other start for the yard in a Grade One in France last November.

The fact that his only two starts for the yard have been at the top-level suggest that he is held in the highest regard and he will find life a lot easier back in handicap company.

All his best form in France has been on bad ground so the conditions should be ideal and the 4/1 available with Ladbrokes should be snapped up.

For my only other bet, I’m switching to Haydock where old friend VINTAGE CLOUDS looks overpriced at 8/1 in the Peter Marsh Chase (2.40pm).

He has slipped down in the handicap to his last winning mark of 143 and the fact that Definitly Red has been declared means he will be carrying more than a stone less than he had when running at Haydock last month.

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He has been in good form over the smaller obstacles this season so far and we just thought it was worth sending him chasing again – that’s what we bought him for originally.

The reality is, he wasn’t that natural a jumper as a novice, but he has schooled better now and actually jumps his hurdles with more fluency now too. I’m just hoping he can get himself into a good rhythm and be competitive despite the fact the handicapper has been a bit harsh by moving his chasing mark.

DAKLONDIKE did hold an entry alongside him at Haydock but will head to Taunton instead for the Portman Cup (2.50pm).

I’ve written about him plenty of times in this column and he remains a hugely talented horse who is just a bit of a monkey. His jockey will certainly earn his riding fee and with conditions in his favour, hopefully he can go well. He seems in good order at home so we have done our bit and it’s just up to him to do his!

Finally, a word on the City A.M. syndicate horse COLLINGWOOD COURT. He’s been schooling nicely at home and the plan is to find a race for him over hurdles at the end of the month.

That said, he does want the ground to dry out a little as he will be seen at his best on a sound surface.

I may also run JACBEQUICK at Taunton in the 2m 3f handicap hurdle (3.25pm), but he may just need his first run back after a break.

GOLDEN JEFFREY could also have his first outing for us on the same card in the 2m handicap hurdle (1.40pm). We haven’t had him for long so are still learning about him.
Winger Rees-Zammit a hugely exciting prospect for Wales

**SPORT**

West Ham and Everton are taking different routes back, writes Felix Keith

The Gloucester winger is riding a wave at the moment. He is 18 and outstanding form for his club, having scored nine tries in 12 appearances this season. Fanzoner thinks he looks like an unbelievable talent.

The 18-year-old’s first international cap is hugely exciting for him but new Wales coach Wayne Pivac needs to make sure he is managed properly and allowed to develop.

He is understandably on cloud nine, but there are plenty of examples of promising youngsters not making the grade.

**PREMIER LEAGUE**

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**RUGBY COMMENT**

**Ollie Phillips**

Mathew Tait is one. He was thrown straight into the lion’s den by Andy Robinson, who gave him England debut, aged 18, against Wales in 2005. Tait was hit by two big Gavin Henson tackles, didn’t make an impact and was later dropped.

Rees-Zammit could have an opening in the Wales side, with first-choice wingers Josh Adams and George North being trialled at centre as possible replacements for the injured Jonathan Davies. It’s a time of change for Wales and, although they reached the Rugby World Cup semi-finals and won the Grand Slam last year, I don’t see them challenging for the Six Nations title. Davies is a huge miss, Liam Williams hasn’t played since the World Cup and Rhys Webb’s rejig after the failure his move to Toulon may take time.

**SEXTON UNCERTAINTY**

Like Pivac, new Ireland head coach Andy Farrell also announced his first squad this week. It is full of quality, but again there are question marks. Johnny Sexton was named captain following Rory Best’s retirement and although he is a world-class fly-half, he is 34 and currently struggling with a knee injury.

With Joey Carbery also injured, Ireland do have alternatives at No10 and I’d love to see Billy Burns given the opportunity. He is on fire for Ulster and would increase the side’s attacking flair after a disappointing World Cup campaign.

The question for Ireland is whether Farrell can reenergise them after Joe Schmidt’s brilliant spell in charge ended on a flat note.

There is one thing in Ireland’s favour though. I think France are a better side than the Six Nations and Leinster and Ulster have won nine of their 10 games between them so far.

**NEW CHALLENGE**

Finally, I’m delighted to have been appointed to lead the Wales Women Sevens programme. The talent is there and the goal of winning a medal at the 2022 Commonwealth Games is an exciting one.

Ollie Phillips is a former England Sevens captain and now a director within the real estate and construction team at PwC.
POPE POWER | Surrey batsman helps turn tide in England's favour

Ben Stokes and Ollie Pope put on an unbeaten 76-run partnership to put England in a solid position after day one of the third Test against South Africa yesterday. The tourists will resume on 222-4 this morning in Port Elizabeth after Joe Root's side made a steady, if unspectacular start after winning the toss. Zak Crawley (44) and Dominic Sibley (36) put on 70 for the first wicket, but both openers were caught down the legside before Joe Denly (25) and Joe Root (27) fell to leave South Africa on top at 148-4. However, Stokes (38 not out) and Pope (39 not out) dug in on a slow pitch before Pope in particular (pictured) upped the scoring against the new ball to turn the tide in England's favour.

AUSTRALIAN OPEN WILL GO AHEAD DESPITE WILDFIRES

Australian Open organisers are confident that the tournament will run to schedule despite the ongoing threat of poor quality air caused by the bushfire crisis. Players have complained of difficulties breathing during qualifying in Melbourne this week. But tournament director Craig Tiley has defended the decision to go ahead with matches, saying experts were consulted over the threshold. "There is a lot of speculation about the Australian Open not happening, or starting later," he added. "The Australian Open is happening."

JAMES' FORM REWARDED WITH NEW CHELSEA DEAL

Chelsea defender Reece James has signed a new long-term contract with the club. The 20-year-old has been rewarded for his impressive form, penning a deal until the summer of 2025 with the Blues. The right-back spent last season on loan at Wigan but has benefitted from Frank Lampard's trust this season, making 18 appearances for Chelsea in all competitions. "It has been my dream to be here at Chelsea and play week in week out," said James. "To have a contract for another five-and-a-half years is living the dream again."

ROBERTS LEAVES BATH FOR SOUTH AFRICA'S STORMERS

Jamie Roberts has left Bath to join Super Rugby side Stormers in South Africa. The 33-year-old, who won the last of his 94 Wales caps in November 2017, has left the Premiership club halfway through his second season. Bath have signed Fiji centre Josh Matavesi from Newcastle Falcons to replace Roberts. Meanwhile, Scotland lock Richie Gray has agreed a deal to rejoin Glasgow Warriors at the start of next season. The 30-year-old will leave French club Toulouse and sign a two-year contract with his former club.

KONTA TO PLAY JABEUR AS EVANS FACES MCDONALD

Britain's Johanna Konta will play Tunisia's Ons Jabeur in the first round of the Australian Open next week. Konta is seeded 12th but has been struggling with a knee injury, which forced her to pull out of the Adelaide International as a precautionary measure. British No1. Dan Evans faces America's Mackenzie McDonald, while Con Gauff plays Venus Williams in a rematch of the American teenager's breakthrough win at Wimbledon last summer. Defending champion Novak Djokovic is against Germany's Jan-Lennard Struff and Roger Federer plays American Steve Johnson.

KOEPKA PLEASED WITH SOLID ROUND ON RETURN

World No1. Brooks Koepka made a promising return to action at the Abu Dhabi Championship yesterday. Koepka, who has been out of action for three months after undergoing stem cell treatment on his left knee, will tee off for his second round today in joint third place after starting with a bogey-free round of 66. The 29-year-old American said his first start since October had left his knee "a little sore", but added: "It's good to be back. I missed the competition obviously and I played really solid."

SPORT DIGEST

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WHERE ARE YOU FROM? IS IT WHERE YOU WERE BORN? HOW ABOUT YOUR PARENTS? THEIR PARENTS? MAYBE THE ANSWER LIVES IN AN OLD STOMPING GROUND, OR AN ERA OF MUSIC THAT TWISTED YOUR MELON, MAN. COULD IT BE WHERE YOU LOST YOUR HEART, OR IS IT WHERE YOU FOUND YOURSELF? PERHAPS, WHERE YOU’RE REALLY FROM IS SIMPLY WHERE YOU FEEL AT HOME.

WE ARE NOT AN ISLAND. WE’RE HOME TO SO MUCH MORE.