BOEING HIT BY FIRST LOSS IN 22 YEARS
AVIATION GIANT GOES INTO THE RED FOR THE FIRST TIME IN MORE THAN TWO DECADES AS 737 MAX FIASCO HITS PROFIT

ALEX DANIEL
@alexmdaniel
AEROSPACE giant Boeing swung to its first loss in 20 years yesterday, admitting the grounding of its 737 Max plane could end up costing $18.6bn – the most calamitous period in its history.

The crashes were caused by a faulty anti-stall system fitted on the plane, designed to make the Max perform in a similar way to early incarnations of the 737, thereby reducing the need for expensive pilot training.

Boeing was unable to provide any further clarity on when the jet might return to the skies yesterday. Beleaguered investors made a loss per share of 94 per cent from last year's $17.90 to $1.12 for the year, a staggering drop of $16.78 per share.

In the latest of a series of costly setbacks, David Calhoun admitted the company still has a “lot of work to do”. He said: “We are focused on returning the 737 Max to service safely and restoring the long-standing trust that the Boeing brand represents with the flying public.

“Safety will underwrite every decision, every action and every step we take as we move forward.”

One reason the crisis has been so expensive is that the company carried more than 40 a month until January. Calhoun said the Max would need to ramp up production again.

Redburn, said that while Calhoun “clearly wants to ‘kitchen-sink’ the presentation, every action and every step we take as we move forward.”

The social media giant reported sales growth of 24.7 per cent to $21.1bn (£16.2bn), edging past analyst forecasts of $20.9bn and marking the fourth straight quarter of growth under 30 per cent.

It also nudged up profit, posting earnings per share of $2.56 compared to estimates of $2.53. Total costs surged 34 per cent to $12.2bn, dragging down operating margins.

Across its family of apps – which includes Messenger, Whatsapp and Instagram as well as Facebook – the firm said it had more than 2.8bn monthly users, compared to 2.80bn a quarter earlier.

The firm also announced a $10bn share repurchase programme in the results.

It followed a year that included a number of regulatory challenges for Facebook, including over the launch of its proposed digital currency programme Libra.

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City will be caught up in the Brexit fish fight

AST night, the European Parliament ratified the UK’s withdrawal agreement. After years of tortuous wrangling following the Brexit referendum, MEPs delivered the final moment of theatre — complete with a rather touching rendition of Auld Lang Syne. Though the general message was one of friendship and enduring bonds, nobody should be in any doubt that a hard road lies ahead — for everyone. The UK will cease to be a member of the European Union at 11pm tomorrow night. That’s midnight, Brussels time. When the sun rises on Saturday morning, what will have changed? In short: everything — and nothing. The result of the 2016 referendum will have been delivered, but the transition period included in the withdrawal agreement will keep relations at a stand-still until the end of this year. And what a year it’s set to be. Boris Johnson has set an ambitious timetable for the completion of a trade deal and has vowed not to extend the transition period. EU leaders have politely scoffed at the idea of getting everything wrapped up by Christmas, but there is talk of a bare-bones trade agreement being put in place, which would be followed by further negotiations. With talks due to kick off in March, each side is preparing its teams and drawing up red lines. One of the first great clashes will be over fishing, where the EU is set to demand continued access to British waters and quota shares. Ireland’s Leo Varadkar has made it clear that this issue will be linked directly to financial services. Who’d have thought it? Fish for finance. It may seem like a sensible swap, given that the fishing industry is an economic minnow whereas one in 60 people employed in the UK work in the City of London. Across the country, more than 1m people work in financial services, a sector which generates more than ten percent of the total UK tax take. But Johnson has vowed to “take back control” of our waters, and — in contrast — he has said very little about how he intends to safeguard the City. It’s no surprise, therefore, that the City has moved to safeguard itself. Preparations for a no-deal exit were drafted during the turbulent years of Theresa May and, for the most part, implemented last year. Money has moved, as have people. Meanwhile, more than 1,000 EU-based firms have applied for a licence to operate in the City should no exit were drafted during the turbulent years of Theresa May and, for the most part, implemented last year. Money has moved, as have people. Meanwhile, more than 1,000 EU-based firms have applied for a licence to operate in the City should no

FINANCIAL TIMES
SPORTS DIRECT BATTLES ORDER TO GIVE DOCUMENTS
Sports Direct is battling to prevent “private” documents it provided to its accountants being handed over to regulators, in a court case that is being closely watched by the audit profession. The retailer, which is majority owned by billionaire Mike Ashley, argued in a Court of Appeal hearing yesterday that it had a “fundamental right” to keep private legal documents it gave to Grant Thornton and Deloitte in the course of their work for the company.

RETAIL PROPERTY GROUP INTU SUFFERS DEBT BLOW
Shopping centre Intu, which has almost £2bn of net debt, faces a new setback after plunging value of one of its flagship properties triggered a covenant in its largest bond. It is in talks of raising £2bn of equity to bolster its finances.

WHAT THE OTHER PAPERS SAY THIS MORNING

THE TIMES
GRENFELL FIRMS SEEK IMMUNITY FROM CHARGES
Key witnesses at the Grenfell Tower fire inquiry will refuse to answer questions about their roles in the tragedy unless they are guaranteed exemption from prosecution. Witnesses have asked to make an application to the attorney general to allow them to claim privilege against self-incrimination.

AUSTRALIA TO QUARANTINE EVACUEES ON ISLAND
Australians trapped in the epicentre of the coronavirus outbreak in China will be evacuated and forced to spend two weeks in quarantine on the remote Christmas Island. More than 600 Australians are marooned there.

THE TELEGRAPH
ERIC SCHMIDT: PENTAGON SHOULD STUNT HUAWEI
Eric Schmidt, one of Silicon Valley’s most prominent billionaires and former Google chairman, has called on the US military to give private companies access to radio frequencies currently reserved for security operations in a bid to push back against the growing dominance of Huawei.

M&G EXTENDS TEMPORARY SHUT OF PROPERTY FUND
Investment company M&G has extended the suspension of its £2.4bn property fund to halt a rush for the exits by disgruntled investors. The FTSE 100 company blocked investors from withdrawing cash in early December.

THE DAILY TELEGRAPH
PANDA EYES Berlin’s furriest residents play up for the cameras ahead of going on show to the public for the first time tomorrow

Wizz Air takes flight as firm ups guidance

James Booth

EUROPEAN budget airline Wizz Air yesterday increased its profit guidance for its financial year to between £350m (£296m) and £355m on strong third-quarter results. The carrier said yesterday that passenger numbers grew 23.2 per cent in the three months to 31 December compared to the same quarter the previous year. Net profit for the period was £21.4m compared to a loss of £21.1m in the same period last year. Revenue rose 24.6 per cent to £673.3m, up from £511.3m last year. Wizz Air chief executive Jozsef Varadi said: “Wizz Air again reports a record financial performance in the third quarter as our low-fare, low-cost business model delivered a net profit of £21.4m compared to a breakeven operational outcome in the same period last year.”

TWIN cubs Pit and Paule have been living in a £10m (£8.5m) enclosure in Berlin Zoo since being born in captivity in August last year, the first born in Germany. In the wild, pandas raise one child at a time — scientists and staff at the zoo have been “cycling” the cubs’ time with their mother Meng Meng. There are believed to be fewer than 2,000 pandas remaining in the wild.
A PLEASANT MUSK

Tesla beats forecasts

TESLA shares soared after reporting fourth-quarter revenue and profit which beat analysts' estimates late last night. The company said its Model 3 and Model Y electric sport utility vehicle capacity should reach 500,000 units, pending its shares up 13 per cent in after-hours trading above $555. Tesla's stock has more than doubled in value since reporting its third-quarter profit last year.

IN BRIEF

JAVAD SET TO SUPPORT £8BN HS2 RAILWAY SCHEME

Chancellor said Javid is expected to throw his weight behind the proposed Edgbaston High Speed 2 rail scheme today. The Prime Minister, chancellor and transport secretary Grant Shapps will meet to discuss the future of HS2. Javid has looked over the Treasury's analysis of the project and will argue that the rail scheme remains essential part of the government's mission to boost the Midlands and north of England, according to the Financial Times. The PM has a long record of supporting big national infrastructure projects and fears the political consequences of cancelling HS2. A decision on whether to go ahead with the scheme is expected to be made soon, but Javid's intervention makes it more likely.

LONDON OPTIMISM LEAPS AFTER GENERAL ELECTION

Business confidence in London jumped during January as the decisive General Election result helped boost the morale of firms in the capital, figures released today showed. The business confidence of London companies leapt 22 points to the highest level of any region, according to Lloyds Bank. The business confidence of firms in the capital, figures released today showed. The business confidence of London companies leapt 22 points to the highest level of any region, according to Lloyds Bank. UK business confidence rose 13 points to 23 per cent.

Pompeo calls on UK to reconsider Huawei access during London visit

ANGHARAD CARRICK

THE US secretary of state Mike Pompeo called for the UK to "relook" at the decision to allow Huawei to have a role in its 5G infrastructure ahead of a meeting with foreign secretary Dominic Raab last night. Pompeo told reporters: "We will make sure that when American information passes across a network we are confident that that network is a trusted one. Our view of Huawei is: putting it in your system creates real risk," he said.

Raab and his US counterpart did not speak about Huawei as part of their discussions last night.

The Foreign secretary reiterated his disappointment at the US decision to reject the extradition request for Anne Sacoolas and emphasised the importance of delivering justice for Harry Dunn and his family.

Washington last week rejected the UK’s request for the extradition of Sacoolas, an American diplomat’s wife suspected of causing Dunn’s death by dangerous driving. The pair also discussed US President Donald Trump’s Middle East peace plan. The Foreign secretary "underlined the need to de-escalate regional tensions".

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3 months half price

Winter Sim Deal

Search O2 Winter Sale
Government to bring Northern under DfT rule

ALEX DANIEL
@alexmdaniel

NORTHERN Rail yesterday announced it is set to be nationalised, five years before the franchise was set to end, after months of delays, cancellations and poor financial performance.

Transport secretary Grant Shapps will terminate the existing franchise for Northern and install the state’s Operator of Last Resort on 1 March as filings for a new state-run replacement — Northern Trains — emerged on Companies House yesterday.

Shapps said: “This is a new beginning for Northern, but it is only a beginning.

“Northern’s network is huge and complex and some of the things which are wrong are not going to be quick or easy to put right.

“But I am determined that Northern passengers see real and tangible improvements across the network as soon as possible.”

Earlier this month, Shapps said the franchise was on course for a full-scale financial collapse within months. As a result, he will strip operator Arriva of the contract. Arriva, which is part of Germany’s state-run transport giant Deutsche Bahn, won the nine-year contract in 2016. It is thought to have poured about £300m into trying to improve the franchise.

But Northern Rail has been plagued by delays, cancellations and strikes. Just 62 per cent of trains currently arrive on time, down from 91 per cent two years ago.

“Fanatical film and TV fans helped drive up UK advertising spend, though titles also prompted a 46.5 per cent increase across every format. But again drove overall growth, with increases across all formats. But broadcaster video-on-demand services such as All 4 and ITV Hub were among the biggest risers, with ad spend growing almost 17 per cent. A slate of blockbuster titles also prompted a 46.5 per cent growth in cinema ad spend, though this remains the smallest sector in actual terms.

UK AD SPEND GROWS AS TV STREAMING PULLS IN BRANDS

Fanatical film and TV fans helped drive up UK advertising spend in the third quarter, as the video-on-demand and cinema sectors continued their recent run of good form. Brand switching was £5.9bn over the period, up 5.6 per cent year on year but down marginally on the second quarter. The figures, which mark the 25th consecutive quarter of growth, showed that online advertising once again drove overall growth, with increases across every format. But broadcaster video-on-demand services such as All 4 and ITV Hub were among the biggest risers, with ad spend growing almost 17 per cent. A slate of blockbuster titles also prompted a 46.5 per cent growth in cinema ad spend, though this remains the smallest sector in actual terms.

SAUDI TELECOM FIRM TO BUY VODAFONE EGYPT FOR $2.4BN

Saudi Telecom Company (STC) is set to buy a majority stake in Vodafone’s Egyptian arm for $2.39bn (£1.84bn) after the two firms signed an initial agreement yesterday. STC, which is part of Saudi Arabia’s sovereign wealth fund, and Vodafone said the two firms expect to complete the deal by the end of June 2020, should regulators approve. The Saudi company will gain access to the Vodafone brand, preferential roaming arrangements and Vodafone’s central procurement function.

The two companies said in a statement. STC also operates in Kuwait, Bahrain and Malaysia. Nick Read, chief of Vodafone, said: “I am deeply proud of our business in Egypt, being the clear number one leader in the market. Under STC, I believe they will continue to flourish.”

LLOYDS BANK ANNOUNCES 56 BRANCH CLOSURES THIS YEAR

Lloyds Banking Group yesterday announced it will close 34 Lloyds, 10 Halifax and 15 Bank of Scotland branches between April and October of this year.

The closures, which were announced as part of the lender’s ongoing transformation plans, are expected to result in around 240 full-time job losses, and many of the staff are expected to be redeployed into other branches.

Financial services union Accord said: “De Beers posts bright diamond sales as 2020 looks set to dazzle

The state broadcaster has announced plans to streamline operations and take the axe to programmes including The Victoria Derbyshire show. The cuts were announced at a frosty all-staff meeting yesterday afternoon. The World Service will also be affected.

De Beers’ new chief executive has warned that the global diamond market is facing a “nightmare 2019”.

The diamond miner, whose revenues make up about half of the owner of De Beers’ annual revenue, posted sales of $6.3bn (£4.7bn) in its fiscal year, down 3% compared to the previous year.

De Beers has had to cut prices to compete with other diamond miners, who are facing a slowdown in demand.

De Beers has announced plans to create a new division focused on lab-grown diamonds, as well as launching a new brand to rival diamonds from other countries.

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CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 72% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

IN BRIEF

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Conservatives to challenge Liberal Democrats on campaign spending

EXCLUSIVE

CATHERINE NEILAN
@CathNeilan

LOCAL Conservative party associations are preparing to challenge the Liberal Democrats on the party’s local spending during December’s General Election, with the hope of overturning at least one result.

A case is being readied to challenge St Albans, where pro-Leave Conservative Ann Main lost to Daisy Cooper, according to sources close to the matter.

A number of Tories in parts of London and the south-west have also said they are also toying with the challenge, with meetings taking place both in Westminster and in local seats to discuss the issue.

Multiple Conservative MPs and their campaign agents have told City A.M. of unusually high levels of Lib Dem leaflets going out to constituents during last year’s campaign. There are instances where individuals have reported receiving nearly 30 pieces of literature.

“I can’t come up with a way that you can do that [within the rules],” one party agent told City A.M. “We probably put out about a fifth of the literature they did and we are close enough to limit that I would not want to go much beyond.”

Under Electoral Commission rules, notional spending must be declared as an election expense in the candidate’s return even if it has not been authorised by the candidate.

One-off charges dent Santander profit for 2019

HARRY ROBERTSON
@harrygrobarton

SPAIN’s biggest bank Santander suffered a 12 per cent fall in profit in 2019 as tough competition squeezed rates.

It pulled in record annual revenue, however, supported by solid expansion in the Americas, its yearly results showed yesterday.

Profit at the lender fell 11.7 per cent to €8.25bn compared to €14.2bn a year earlier.

The Competition and Markets Authority has launched a wider threat over ‘misleading’ sales messages about ticket availability.

The site has also been accused of failing to ensure people know exactly what they are buying and failing to warn people that tickets may not get them into an event and may not get them into an event and tickets are a hotbed for ticket touts.

The biggest stories direct to your inbox

Javid and Johnson order ‘radical’ plans to cut department budgets

ANGHARAD CARRICK
@anghardcarrick

SAJID Javid and Boris Johnson have ordered all cabinet ministers to draw up cuts to their budgets of up to five per cent.

Despite promising to end austerity, the chancellor has called on departments to come up with options to deliver more cash.

Each cabinet minister has been asked to come up with “radical” options, which include axing older projects that are deemed ineffective.

In a memo seen by The Sun, Javid wrote: “We have been elected with a clear fiscal mandate to keep control of day to day spending. This means there will need to be savings made across government to free up money to invest in our priorities.”

The savings will be used to invest in Prime Minister’s current domestic priorities — the NHS, crime and ‘levelling up’.

Day-to-day spending will need to be financed from savings made across departments in order to keep with the fiscal rules outlined in the party’s election manifestos.

Protected departments including health and the Ministry of Defence will not be exempt from these plans that will force ministers to meticulously audit their accounts.

Javid and Johnson want ministers to identify 10 programmes to be ditched, ahead of the Comprehensive Spending Review in the autumn.

It is likely that a number of legacy projects from the coalition and Theresa May’s administration will come under review.

Earlier this month the Prime Minister told cabinet ministers to root out waste, even if it means “slaughtering sacred cows”.

A spokesperson for the Prime Minister also said the upcoming Budget was “a time to take tough decisions in order to prepare the economy for the next decade”. Cabinet ministers have been asked to submit their savings by 2 March, just a week before the 11 March Budget.

Treasury sources told City A.M. that the issue had been discussed in a cabinet several weeks ago and it is intended to make space for spending commitments within the fiscal rules.
UK’s car output slides for third successive year

BRITISH car production is down for the third consecutive year as weakened consumer and business confidence put the brakes on the industry.

Manufacturing fell 14.2 per cent last year to 1.3m units, according to the Society of Motor Manufacturers and Traders (SMMT), with a 6.7 per cent fall in December.

The trade association said output had hit its lowest point since 2010. It blamed weakened consumer and business confidence, as well as slow demand overseas and a shift away from diesel across Europe.

Mike Hawes, chief executive of SMMT said: “The fall of UK car manufacturing to its lowest level in almost a decade is of grave concern. Every country in the world wants a successful automotive sector as it is a driver of trade, productivity and jobs.”

Exports took a hit, falling 14.7 per cent, but overseas orders continued to account for more than eight in 10 cars built, totalling 1m units.

Shipments to the European Union fell 11.1 per cent but the SMMT said the bloc “remains the sector’s most important market.” To mitigate this decline, SMMT calls for an “ambitious UK-EU free trade deal that drives competitiveness, growth and prosperity.”

Earlier this month Hawes told chancellor Sajid Javid that the industry’s “priority” is to stay closely integrated.

SMMT welcomed the £1bn investment in the industry last year but noted it was from one company looking to expand electric vehicle production in the West Midlands. The investment tally for last year was 60 per cent lower than the average £2.75bn over the past seven years.

SMMT said: “It’s clear that more must be done to encourage overseas investors to follow suit.”

The figures follow a two per cent slump in British car sales in 2019.

Pendragon set for poor 2020 profit numbers

JAMES BOOTH
@Jamesbooth1
CAR DEALERSHIP
Pendragon yesterday said its profit to be at the lower end of expectations for its full financial year.

The company, which has had two chief executives depart in the last year, has been hit hard by sluggish UK car demand.

Pendragon is expected to post an underlying pre-tax loss when it announces its results for the year to 31 December on 18 March.

Pendragon said its performance had “improved significantly” during the second half of the financial year.

It said this improvement came “despite challenging market conditions and weakened consumer demand in the run up to the General Election in the UK.”

“The board remains confident that the improvement in performance during the second-half puts the business on a much stronger footing as we enter 2020.”

In June, chief executive Mark Herbert resigned just three months after he was appointed.

Shares rose 0.7 per cent to 11.4p.
The Jaguar E-PACE from £299 a month plus deposit and optional final payment.

With a sculpted bonnet, muscular rear haunches, sweeping roof line, 'J' blade lights and a bold honeycomb mesh grille, our compact SUV is designed to be aesthetically teasing.

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*Model pictured E-PACE R-Dynamic S 2.0 D150 FWD Manual PCP Representative Example.

- On the Road Price*: £33,570.00
- Finance Deposit Allowance (FDA): £1,500.00
- Customer Deposit: £6,019.00
- Total Amount of Credit: £26,010.00
- Purchase Fee (included in optional final payment): £10.00
- 48 Monthly Payments: £399.00
- Optional Final Payment: £8,878.00
- Total Amount Payable (including FDA): £33,748.00
- Duration of Agreement: 49 months
- Representative APR: 3.9% APR
- Interest Rate (Fixed): 3.82%

*Model pictured E-PACE R-Dynamic S 2.0 D150 AWD Auto included optional Calipsa Red Metallic paint £625; 20” Style 2052 Wheels £527; Black Pack £294, Dynamic Handling Pack £211 and Adaptive Dynamics £420 at an On The Road Price of £42,375.**
London retail property market misses out on sector’s ‘Boris bounce’

JESS CLARK
@jclarkjourno

LONDON’s retail property market has continued to struggle, despite a bounce in the wider commercial real estate sector driven by the General Election result.

Occupier demand in the retail sector fell in the fourth quarter of last year, according to research published today that found 70 per cent of chartered surveyors in the capital had seen a fall rather than a rise in demand.

However demand for space in the industrial sector has jumped and office space has remained steady.

Rental expectations for retail space in the capital remain low, as 64 per cent of respondents to a survey conducted by the Royal Institution of Chartered Surveyors said they were anticipating a fall in prices.

Meanwhile, 65 per cent of respondents said there had been an increase in inducements on offer to tempt prospective retail tenants — the highest reading since 2009.

Research showed that 55 per cent of participants in the survey reported a drop in retail investment enquiries during the quarter.

However, overseas investment enquiries in central London offices and industrial space rose to the highest reading since December 2017.

RICS economist Tarrant Parsons said: “Expectations appear to have strengthened in the office and industrial sectors following the decisive outcome of the General Election... That said, this improved sentiment has not found its way into the retail sector, where the outlook remains just as downbeat as before.”

Federal Reserve holds interest rates steady

ANN SAPHIR

THE US Federal Reserve held interest rates steady yesterday at its first policy meeting of the year, saying that the key overnight lending rate in a range of between 1.50 per cent and 1.75 per cent.

The Fed’s statement was little changed from the one issued after its December meeting, saying that the current federal funds rate was “appropriate to support sustained expansion of economic activity.”

including ongoing job growth and a rise in inflation to the central bank’s two per cent target.

“There wasn’t much that changed from the last statement,” said Kristina Hooper, chief global market strategist at Invesco. “One difference was the characterisation of household spending, which went from strong to moderate.”

CUT

Ruth Gregory
CAPITAL ECONOMICS

Hold

The jury is still out on whether the jump in sentiment will lead to a step change in activity. It makes sense to hold off for the time being to see how things pan out.

Simon Ward
JPMORGAN CHASE

Cut

Better post-election news will prove short-lived unless accompanied by monetary acceleration. The MPC should ease unless the December monetary numbers show a significant pick-up.

Peter Dixon
COMMERZBANK

Hold

A tight call but we can afford to wait and see whether the recent sentiment rebound translates into stronger real activity. It also gives the incoming governor some additional policy leeway.

Vicky Pryce
CEBR

Cut

While some signs of a confidence bounce, inflation remains well below target and given the lacklustre performance in 2019 the economy needs support while trade worries continue.

Tej Parikh
INSTITUTE OF DIRECTORS

Hold

With business activity gaining some momentum, the labour market in rude health, and a fiscal boost in the pipeline, there should be a risk-averse on a rate cut despite the weak end to 2019.

Frances Haque
SANTANDER

Hold

More positive labour market data and more buoyant survey responses provide a positive enough start to 2020 to avoid a cut and wait for the outcome of the trade negotiations.

Mike Bell
JP MORGAN ASSET MANAGEMENT

Hold

With a significant increase in fiscal spending on the way and business surveys suggesting the economy is picking up, a cut doesn’t seem necessary at the present juncture.

Jeavon Lolay
LLOYDS BANK

Hold

Recent political developments offer grounds for cautious optimism. It appears prudent to wait to see how the expected recovery in UK activity takes shape before changing policy.

House prices climbed 1.9 per cent in January compared to the same period in 2019

House prices rise after election

JOE CURTIS
@joecurtis

UK HOUSE prices grew at their fastest rate in over a year at the start of 2020, according to Nationwide, as experts hailed Boris Johnson’s election victory.

Nationwide data showed that the housing market posted a 1.9 per cent annual rise in January, beating December’s 1.4 per cent climb. That followed 12 months of consecutive growth below the one per cent mark.

“Sparks were flying after the election but this month the housing market has ignited, with the so-called Boris bounce providing the match,” Lucy Pendleton, founder of James Pendleton estate agents, said. “The election victory has retrieved the spanner from the works.”

Quilter claws its way back to net inflows for 2019

ANNA MENIN
@annamjenin

WEALTH manager

Quilter said it returned to net inflows by the end of 2019, reversing three consecutive quarters of outflows, but overall flows still lagged behind the previous year.

Quilter, which was spun out from Old Mutual in June 2018, said flows remained “subdued” in the fourth quarter of 2019 amid adviser nerves about the long-awaited re-platforming of its Old Mutual adviser platform.

In a trading update yesterday, Quilter confirmed that the initial re-platforming would take place over the weekend of 22 and 23 February. The company confirmed the imminent switchover had hampered net client cash inflows.

Shares in the wealth management firm were up 8.6 per cent to 174.7p on the trading update yesterday.
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Households are paying too much to support UK electricity networks

**EDWARD THICKNESSE**

CONSOMERS have paid more than they should to support the UK’s electricity networks, according to a new paper from the National Audit Office (NAO).

Each year around a fifth of a typical household’s annual electricity bill — £130 — goes towards the running and maintenance of the UK’s power networks, which transports electricity to homes and businesses.

The report finds that under Ofgem’s price control framework, which regulates the amount private network operators can earn from their operations, consumers have been overcharged for ensuring a reliable service.

Primarily, this was because performance targets were set too low, whilst workscan earn from their operations, consumers have been overcharged for ensuring a reliable service.

In addition, the report says that Ofgem underestimated how much money shareholders would need to encourage them to invest in network companies. Currently, networks expect to deliver shareholder returns of nine per cent, compared to a UK company average of around five per cent, which has increased consumer costs.

The report also found that Ofgem had delivered good customer service through its regulation. Since Ofgem introduced incentives for network companies in 2002, the amount of power cuts has fallen by 50 per cent.

“Ovo Energy billed a customer for a £650,000 fine after overcharging customers when the price cap came into effect last year.”

**ANNA MENIN**

OVO ENERGY has been charged £8.9m by industry regulator Ofgem after inaccurate information on bills led to some customers being charged too much.

The challenger firm, which recently became one of the UK’s largest energy suppliers, fell foul of the watchdog after incorrect statements were sent to more than 500,000 customers between July 2015 and February 2018.

In addition, the firm underestimated energy usage over one winter, meaning some clients were under or overcharged. The watchdog found that despite being aware of the mistakes, Ovo did not report the majority of them. The firm has now corrected these breaches and refunded customers who were overcharged on the prepayment meter cap.

Anthony Pyram, director of conduct and enforcement at Ofgem, said: “Ovo Energy billed a number of its customers incorrectly and issued them with inaccurate information. The supplier did not prioritise putting these issues right whilst its business was expanding.”

Ovo issued the following statement in response: “Ovo holds itself to high standards, but we have not always got it right. We accept Ofgem’s findings of issues regarding estimation processes, information formatting and pricing errors.

Utility Warehouse was also hit by a £650,000 fine after overcharging nearly 3,500 home discount customers when the price cap came into effect last year.

**THOMAS GRIFFITHS**

AIRBnB is said to be planning a public markets flotation next year.

**ANGELA LEADSMON**

Microsoft beat's estimates on cloud growth

**STEPHEN NELLIS**

MICROSOFT yesterday reported fourth-quarter revenue and profit that beat Wall Street expectations, a sign that its Azure cloud computing services continues to grow amid a pitched battle with Amazon's cloud unit.

Microsoft's revenue and profit for the quarter ended in December were $36.9bn (£28.1bn) and $1.51 per share, compared with analyst estimates of $35.7bn and $1.32 per share, according to Refinitiv.

Sales were powered by its cloud segment and strong sales of its Windows operating system as corporate customers upgraded machines.

Microsoft said Azure, its primary competitor to Amazon’s cloud, grew 62 per cent in the quarter, down from a 76 per cent revenue growth rate the year before but up from 39 per cent in the fiscal first quarter.

**JACQUELINE WILKINSON**

**ANNOUNCEMENTS**

**LEGAL AND PUBLIC NOTICES**

**CITY OF LONDON**

Mark Lane – Introduction of a raised junction table

1. The City of London gives notice that it proposes to introduce a flat-topped road hump under section 90C of the Highways Act 1980 in Mark Lane at the junction with Great Tower Street. The hump will have an overall length that varies from 0.9 to 11.6 metres due to the geometry of the junction. The flat-top length varies from 0.6 to 4.5 metres, the ramp gradient is 1:20 and the height is 100 mm. The minimum width is 3.9 metres.

2. Copies of the Notice of Proposal, the statement of reasons and the plan showing the proposals can be inspected during normal office hours on Monday to Fridays inclusive at the Planning Inquiry Desk, North Wing, Guildhall, London, EC2P 2EZ.

3. Further information may be obtained from City Transportation, City of London, PO Box 170, Guildhall, London EC2P 2EZ, by telephone 020 7332 1108 or email to citytransportation@cityoflondon.gov.uk.

4. Persons desiring to object to the proposed measures should send a statement of their objection and the grounds thereof in writing to the Traffic Order Office at the above address by 24 February 2020 quoting the reference Sec/990/REC/CT/LIL.

Date: 12 January 2020

Zahur Khan
Transportation and Public Realm Director
Bailey: Optimism is the order of the day

Conservative Mayoral candidate Shaun Bailey on his vision for the capital once we leave the EU

WE ARE leaving the EU tomorrow and, despite the mixed feelings surrounding this new chapter, there is much to be cheerful about.

Business leaders are already expressing a newly-restored confidence in London. A raft of new information — such as the latest Deloitte CFO optimism survey, key PMI figures, household and consumer confidence data — gives us plenty of ground on which to build. Optimism is the order of the day and I just wish people in power, such as the incumbent London mayor, would sign up to a similar point of view.

Shaun Sewing of Deutsche Bank has welcomed the “clarity and certainty” that a Boris majority provides. Unfortunately, Sadiq Khan has spent the last four years focused on fighting Trump, wasting millions on PR, putting on bicycle ballets and beach parties and worse of all, turning his back on business. His focus should have been on keeping London safe and showcasing all London’s economy has to offer. Under his watch, crime is up and London’s standing is down. It is clear that London needs a champion who understands the new world we find ourselves in. I plan to be that champion if elected.

With a day to go before we officially leave the EU, we have to acknowledge that Brexit was a hugely divisive issue, but now is the time to unite the country and unite our capital.

How often does a nation or city like ours get the chance to recalibrate our economic priorities from effectively ground zero? To start again? We’ll match the high standards the EU has helped set in many areas, but now we are free to go above and beyond them too.

One such upside is being able to have a more positive approach to developing nations. Outside the EU the UK government will be free to strike out and set a genuinely positive agenda on behalf of global Britain.

Now more than ever London needs someone who knows the international landscape has existing relationships with key overseas partners and understands global business. That’s why if elected to City Hall I would appoint a deputy mayor with a special portfolio as an international trade advisor whose sole job is to bang the drum for London.

There’s so many potential avenues for improving Londoner’s lives now that we’ve left the EU. Every year our city spends an estimated £5bn on gas and electric household bills and more than one in 10 London households are living in fuel poverty.

The rate of VAT on household gas and electricity bills is, until tomorrow, locked in by EU rules. As mayor, I would call on the government to abolish VAT on energy bills.

Away from the EU there is a world of possibilities. We can strike out and form better and deeper relationships with our Commonwealth friends, building upon successful events such as the recent UK-Africa Investment Summit.

Positivity unlocks prosperity, I say let’s have some more of it.

In every industry there are brands and businesses tearing up the rulebooks and disrupting established companies. Four years ago, Huib van Bockel did just that. When he left Red Bull and launched his own brand, TENZING Natural Energy, a plant-based and sustainable alternative to the traditional energy drink. Now, TENZING has become the fastest growing drink within the UK Sports & Energy Category for the third year in a row.

Traditionally, energy drinks contain a synthetic mix of taurine, aspartame, high levels of sugar and synthetic caffeine. Van Bockel thought that it was surely possible to create a drink just as powerful, free from chemicals and completely pure from plants. Not only did he want to launch a drink better for you, but a brand that was less about cash, motorcycles and fossil-fuelled stunts, and more about encouraging people to connect with nature.

Huib started his search for nature’s most powerful ingredients in 2016. His search took him to Nepal, where he discovered the traditional brews of the Himalayan Sherpas - powerful, natural brews used to fuel their ascents up the world’s highest mountains.

Intrigued by the history of these brews, Huib reached out to the descendents of Sherpa Tenzing Norgay - who was the first to summit Everest in 1953 - to find out more about the recipies, as well as their fathers' story. After hearing of Sherpa Tenzing’s closeness to nature and drive for adventure, he became the brand’s guide and inspiration and in his honour, the brand was named TENZING.

Huib and his team have now grown to a stronghold of 35 people, whose aim is to uncouple the long standing marriage between ‘unhealthiness’ and ‘energy drinks’ and are committed to making a difference not just to people’s health, but the environment too.

Sustainability is at the core of everything TENZING does. The product itself is an infinitely recyclable and BPA free can, and with each purchase you can help contribute towards their 1% pledge. These projects have included “Clean up Basecamp” - an initiative to help with the increasing amount of litter from tourists climbing Mount Everest. Bins have been constructed in partnership with a local charity, who keep this fragile environment where TENZING all began.

Last year they evoked their Clean Air Mission by launching “The TENZING Clean Air Trackers” (recently named by Men’s Health as the Number One app to change your life in 2020). This initiative has been launched across London in partnership with air quality experts at King’s College London. Their tracker syncing with running tool STRAVA to help people plan cleaner running routes as well as showing the live Air Quality of the user’s routes - raising awareness about the issue of air pollution in the capital as well as a solution for the growing running community.

From the beginning, Huib knew that he could create large-scale impact with TENZING, but it was always his goal to build a community of like-minded brands, where learnings and struggles could be shared so that brands doing good would become the norm instead of the exception.

If you share the same ambitions, The London Speaker Bureau will be hosting an evening with Huib van Bockel, where he will discuss the highs, and inevitable lows, of his TENZING journey and how he’s managed to keep sustainability at the core of the brand, whilst trying to disrupt some pretty big dogs with pretty big budgets.

This Masterclass will be an intimate gathering of just 40 people. So, if you’re an entrepreneur, future entrepreneur, marketer, brand builder, CEO or just looking for some inspiration on how you can be more environmentally conscious in your business, then this is the event for you.

Find out more by searching “A Masterclass in Business Disruption? All tickets include ticket to TENZING’s Environmental Charity Project in Nepal.”

GUEST OPINION TOMORROW: SADIQ KHAN

ADVERTISEMENT FEATURE

Meet the Entrepreneur Behind One of the UK’s Fastest Growing Startups

TENZING Founder, Huib van Bockel (right) with son of Sherpa Tenzing, Jamling Tenzing Norgay (left)
Ted Baker bolsters board following torrid 2019 for high street business

JESS CLARK  
@jclarkjourno

EMBATTLED fashion brand Ted Baker has appointed a new chief customer officer as it attempts to bolster its management team following a torrid year for the retailer.

Jenny Reebuck, who was most recently chief marketing officer at online beauty platform Feel Unique, has taken on the newly created role at Ted Baker.

Her brief will be to develop a customer and digital strategy across the business, and explore new digital partnership opportunities.

Roebuck, who has also previously held roles at French Connection, will step down from her current non-executive position on Ted Baker’s board.

The retailer also announced that the search to replace former chief executive Lindsay Page and chairman David Bernstein is “progressing well.”

Page and Bernstein quit in December after the fashion chain issued the latest in a string of profit warnings. A week later, long-serving director Ron Steward also stepped down.

Page had been appointed in April after the company’s founder Ray Kelvin was forced to step down after facing allegations of sexual harassment, which he denies.

Last week, Ted Baker admitted that it had overstated the value of its inventory by £58m, more than double the £25m originally reported.

SCS’s chief exec retires after 32 years at retailer

JESS CLARK  
@jclarkjourno

THE CHIEF executive of sofa retailer SCS Group has announced plans to step down at the end of the year, after 32 years with the business.

The company will launch a search for a new boss after David Knight revealed he will retire from the role.

Knight gave 12 months notice but will stay in position longer if the hand over process is longer than expected, the firm announced yesterday.

The company also announced that like-for-like order intake declined 4.4 per cent in the 26 weeks to 25 January, in line with management expectations.

During the crucial winter sales period, the furniture retailer said like-for-like order intake growth was 1.2 per cent.

However, in the first 17 weeks of the year the company’s like-for-like order intake fell 7.1 per cent.

SCS chairman Alan Smith said: “David has committed a very substantial part of his working career to SCS and has been pivotal to its success.

“We are delighted that he will remain in the role of group chief executive until we have his successor in place and ensured an orderly hand over.”

“On behalf of the board, shareholders and all other SCS stakeholders, I thank David for his outstanding contribution to the group.”

Shore Capital Markets analysts said: “David Knight has been a fabulous servant to SCS over 32 years in the business, living and breathing the industry day in, day out. He will leave SCS in very good shape.

“As chairman, Alan Smith, seeks a successor,” he added. “Knight will remain as [chief executive] through the hiring and initiation process.”

Shares in SCS rose 2.1 per cent to 242p on news of Knight’s departure.

Ikea shutters stores in China as coronavirus infections increase

JESS CLARK  
@jclarkjourno

IKEA announced yesterday that it will temporarily close stores in China due to the outbreak of coronavirus.

The Swedish retailer will shut around half of its 30 stores in mainland China until further notice to help halt the spread of the disease, the company’s owner Ingka Group said.

An Ingka Group spokesperson said: “The health and safety of customers and co-workers are always top priorities for IKEA.”

Other global chains including Starbucks and luxury goods company LVMH, which owns Louis Vuitton and Christian Dior, have closed branches in China in response to the outbreak.

McDonald’s has also shut five outlets in Hubei province, and Yum China has closed some KFC and Pizza Hut branches. Uniqlo owner Fast Retailing has temporarily closed about 100 stores in the province.

The coronavirus death toll stood at more than 100 yesterday.

Guardian bans fossil fuel ads as it slams industry over climate change

JAMES WARRINGTON  
@_a_warrington

THE GUARDIAN will no longer accept advertising from oil and gas companies as the media group looks to cut its links with fossil fuel firms.

The move, announced yesterday, will apply across the publisher’s websites and apps, as well as in print copies of the Guardian, Observer and Guardian Weekly.

“Our decision is based on the decades-long efforts by many in that industry to prevent meaningful climate action by governments around the world,” the company said in a statement.

It is understood the new policy will cost Guardian Media Group (GMG) around £500,000 per year.

In a blog post, chief customer officer Anna Bateson and chief revenue officer Hamish Nicklin acknowledged that some readers would like the company ban ads from products with a high carbon footprint, such as cars or holidays. But they said cutting those ads would be a “severe financial blow” that might force the newspaper group to make significant cuts.

Advertising makes up roughly 40 per cent of revenue at the Guardian, which last year posted a profit of £0.8m — its first in two decades.
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- Deployment in Fintech Award

*The Crypto AM Awards 2020 are still open for sponsorship, for enquiries, please contact events@cityam.com
Britain needs to retain its pipeline of great talent if we are to keep our cybersecurity crown, writes Matt Warman MP

The value of investments and the income they may generate will vary. Past performance is not a guide to future performance. The information contained in this article is not an offer, solicitation or recommendation to buy or sell any financial instrument or to adopt any investment strategy.

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UK stocks cling to gains as oil majors tumble

UK SHARES rebounded for a second straight day yesterday after a steep sell-off earlier this week on rising fears over the impact from the coronavirus, though the bounce lost some punch as oil majors dropped alongside crude prices on US stimulus data.

The FTSE 100 index, which had risen as much as 0.5 per cent earlier, ended only marginally higher. Shell and BP lagged after inventory and stockpiling data from the US Energy Information Administration. The FTSE 250, which had slumped more than two per cent on Monday, rose for the second consecutive session yesterday and added 0.2 per cent.

Avast underperformed with a 5.5 per cent drop, bringing its losses for the week to nearly 20 per cent. It denied media reports and assured users that none of their personally identifiable information had been sold to a third party. The cybersecurity company also said it was reviewing options for its trend analytics service which is at the centre of the data privacy concerns. Both British benchmark indexes have shed more than two per cent since last week, when news of the coronavirus flare-up first emerged. Dealers are still mulling over how the outbreak will affect the global economy.

Market strategists at Societe Generale estimated global stock markets could fall 10 per cent if the situation around the fast-spreading virus, which has killed more than 130 people, worsens.

Wealth manager Quilter jumped nearly nine per cent to top the midcaps after a rise in assets under management prompted upgrades by at least two brokerages. But transport operator Stagecoach slid 6.3 per cent after Britain said it would nationalise Northern Rail, ahead of a review of railway services due to be published in weeks. Its shares suffered their worst day in almost seven months.

McCarthy & Stone shed six per cent on yesterday’s investors lost faith after a rise in assets under management prompted upgrades by at least two brokerages. But transport operator Stagecoach slid 6.3 per cent after Britain said it would nationalise Northern Rail, ahead of a review of railway services due to be published in weeks. Its shares suffered their worst day in almost seven months.

McCarthy & Stone shed six per cent on its worst day since June 2018 as its biggest shareholder plans to slash its stake.

TOP RISERS
1. Whitbread Up 3.08 per cent
2. Rolls-Royce Up 2.67 per cent
3. Melrose Up 2.5 per cent

TOP FALLERS
1. NMC Health Down 3.58 per cent
2. Sainsbury’s Down 1.66 per cent
3. Unilever Down 1.53 per cent

Best of the Brokers

Copper ore miner Atalaya Mining had a bit of a blow this week when a regional Spanish government agency indicated it had reservations about the company’s Touro project. Broker Peel Hunt said the negative recommendation in relation to the potential environmental effects of the project “raises some growth concerns.” The broker said: “While there is no doubt this is negative for the project and longer term growth timing for Atalaya, shorter term we see it as a cash flow positive.” Peel Hunt retained its “buy” rating and its target price of 310p.

Law firm DWF yesterday said it had acquired US managed legal services firm McCarthy & Stone for an $18.5m (£14.2m) deal. House broker Jefferies said: “In our view, this acquisition delivers material progress on two key IPO [initial public offering] goals: 1) scaling of managed services; 2) a foot in the door of the US market.” The broker added: “The acquisition will allow DWF to better support its clients and win business in complementary areas where it has not previously had capability.” Jefferies retained its “buy” rating for the stock and its target price of 180p.

Infrastructure business Renew Holdings delivered trading in line with expectation in the first quarter. Despite this, the hard taskmasters at Liberum retained their “sell” rating on the stock “as it is relatively expensive”. The broker said it expects the business to grow in new markets and exit from specialist building “which should be made easier with the stronger order book.” Positive noises from ministers “give grounds for optimism on infrastructure spend” which should benefit the company, the broker said. Liberum retained its target price of 460p.

S&P 500 fades to end lower after Fed hold

The S&P 500 ended slightly lower yesterday, as an initial boost to the market from the Federal Reserve’s policy statement quickly evaporated. The Fed held rates steady and steered the door open for more stimulus as the coronavirus outbreak in China. Boeing rose 3.11 per cent after the aerospace maker forecast nearly $18bn (£14.6bn) in costs related to the grounding of its 737 Max jets, smaller than what many analysts had expected, and helped offset the company’s report of its first annual loss since 1997.

Several companies have warned of disruption to their operations due to the coronavirus outbreak, and a Chinese government economist quoted as saying the country’s economic growth may drop to five per cent or even lower.

General Electric jumped 10.32 per cent after the industrial conglomerate set a higher cash target for 2020. Starbucks dropped 2.12 per cent after warning of a financial hit as it closed thousands of restaurants and adjusted operating hours in China. The Dow Jones Industrial Average rose 11.6 points, or 0.04 per cent, to 28,734.45, the S&P 500 lost 2.78 points, or 0.09 per cent, to 3,273.46 and the Nasdaq Composite added 5.48 points, or 0.06 per cent, to 9,275.16. About 6.98bn shares changed hands in US exchanges, compared with the 7.45bn daily average over the last 20 sessions.

CITYAM.COM

DIGITAL UK
Freeview platform operator, Digital UK has appointed Sarah Milton as chief operating officer. Her remit will incorporate the day-to-day running of the Freeview service as well as customer support and experience. Sarah spent 15 years at Channel 4, where she was at the forefront of its digital transformation and video on demand innovation. One of the original team that developed and launched 4oD in 2006, she oversaw its rebranding as 4iD and led its rapid expansion across multiple platforms. She also widened the channel’s content proposition to include live TV, exclusive box sets and content partnerships. Sarah started her career at management consultancy firm McKinsey, before moving into business development at ITV.

ASPEN
Aspen Insurance has announced that Andrew (Andy) Kudera has been appointed executive vice president and group chief actuary as of 3 February. Andy brings to Aspen the expertise of Andy’s quality to our team increases our capabilities, allowing us to transform our business, simplify and enhance our operations, and increase accountability across these functions. Andy’s capabilities and fresh perspective will create a strong partnership across complimentary disciplines.”

OPTILAN
Communications and security technology integrator Optilan has announced the appointment of Bill Bayless as new chief executive and director of the company.

Bill, who succeeds Richard Buckland, has a strong track record of building and leading international companies in the sector. Bill joins Optilan having previously been chief executive of ICR Integrity, the global maintenance and integrity company that specialises in the oil and gas and power sectors. Prior to that he was chief of Viking Sea Tech in Aberdeen, the global provider of marine services to the energy industry, and chief operating officer of Topaz Energy and Marine in Dubai. Chairman Malcolm Fallen commented: “We are however pleased to welcome Bill to Optilan and his extensive experience of building and running international businesses, as well as his engineering background, will ensure that Optilan continues to grow in a safe pair of hands.”

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On the rails: HS2 is about the very bones of our economy

Digby Jones

The UK needs to show faith in the OECD, not go it alone with a digital services levy

Russ Shaw

O K VER the coming weeks, the government will publish its long-awaited HS2 report into HS2. The view looks likely to give the green light to HS2, a massive investment in the infrastructure of the north and the Midlands and it’s certain that there will be an almighty row about it. As always with any infrastructure project in the UK, expect howls of protest about the cost, impact, and expertise.

We should pay due attention to these voices – any project, especially one as big as HS2, must be subject to rigorous public scrutiny. But once the facts have been care-fully considered, we must build the thing.

People in the Midlands and the north need this railway. For too long, they have been neglected and left to go ahead on the basis that is not fit for purpose. You only need to look at the dismally experienced of passengers on the Northern and Northeastern Rail Hub projects, which are set to gain extra capacity, to understand the point.

Our failing rail network leaves talented entrepreneurs, students, and influential investors believing that they cannot rely on access to suppliers, customers, employees or opportunities. Investment falters, and jobs go elsewhere. Capacity is crunched. Freight waits in queues on the motorways, spewing pollution. Commuters wait on crowded platforms on overcrowded trains. Airports are jammed up with super-short-haul UK flights, when there are empty seats on trains and fridges for international journeys and global trade.

It need not be this way. What if a business owner in Birmingham could quickly and easily travel to Leeds or Manchester for a meeting? What if a major foreign investor that has invested in a new Birmingham high-rise office sat down at the heart of a well-connected work-force of millions? What if a working mum could easily commute to a new job in Birmingham, without having to move her family home from the north west?

Each of these decisions and opportunities may be individually small, but replicated across dozens of towns, hundreds of investors, millions of people, it adds up to a tidal wave of prosperity.

Only HS2 can make this possible. Have the journey time between our major cities in the Midlands and the north, and you create economic possibilities that simply did not exist before.

And it’s not just people whizzing back and forth between major cities that benefit. Vast numbers of the real winners from HS2 may never use the new railway at all: over 70 stations are set to gain extra capacity and new connections because of space freed up on existing lines.

HS2 is also a critical part of the Northern Powerhouse and Midlands Rail Hub projects, both of which promise even better commuter connections.

So let’s take a deep breath, think again about the numbers, get on board, and then get on and build it.

Onward with HS2.

The BEST OF TWITTER

Letters to the Editor

Northern Fail

Grant Shapps was right to nationalise Northern Rail — and then get on and build it. He’s been building the economy for some time. Attempts to shift the blame onto “external factors” by Ariva, which owns Northern Rail, ring hollow to everyone in the north who suffered their incompetence.

However, the problems with the railways go far deeper than one franchise being run badly. Sure, Shapps has repeatedly promised that he will solve them with the Williams Review — but that’s still yet to see the light of day. Until it is released, one can’t help but feel that renationalisation rail lines is like applying a sticking plaster to a gaping wound.

Jeremiah Bedford

The UK needs to show faith in the OECD, not go it alone with a digital services levy

Russ Shaw

FOLLOWING months of brewing trade tensions between Europe and the US, centred around President Emmanuel Macron’s plans to regulate big tech, headlines from last week suggest a new integrated approach, as France agreed to delay its digital tax. The country will postpone applying a three per cent levy on the likes of Google and Facebook until the end of 2020, allowing time for the OECD to work out an agreement.

As we saw, a combination of fierce negotiations and retaliatory tariffs from the US seems to have ultimately dissuaded French economists, regulators, and politicians from pursuing unilateral solutions – not only because of the economic repercussions, but also because of the complexities that came from trying to tax tech fairly.

But while France contributed to a global solution in Davos, the UK did not join the party – instead choosing to reaffirm plans to implement its own digital tax in April.

Despit assertions that any such measure would be temporary, chancellor Sajid Javid should be wary of a unilateral approach.

Of course, tech companies may pay their “fair share” of tax, but countries that are determined to regulate on their own terms will fail to feed the growth of a thriving sector – something particularly relevant to the UK. Instead, it will thwart investors, entrepreneurs, and professionals from scaling their businesses, likely resulting in backlash from the industry.

And while EU competition commissioner Margrethe Vestager’s support for a UK digital tax is encouraging, it has been mistimed as advocating for unilateral action. There are actually several caveats to her message, namely that national taxation on tech firms should be a step towards a coordinated international solution – not as a replacement for it.

In fact, with the EU set to pick up efforts towards a multilateral agreement, the pressure on the UK to join forces with others is unlikely to dissipate anytime soon.

And given the UK’s imminent departure from the EU, a unilateral approach could put a potential trade deal with the US in jeopardy.

It is vital, then, that the UK remains open to its allies in the continent and beyond, and learns from the French that taxing big tech is better done in cooperation with others.

This would represent something of a policy U-turn, but the delay announced by the French in the hope of an OECD-sponsored agreement surely provides the UK with the precedent it needs.

After all, a hawkish, unilateral action will limit the UK’s global potential. It will cause friction with allies and potentially have further ramifications for investors and tech companies that are already sceptical about a post-Brexit UK.

It is therefore of utmost importance that the new government remains a leading voice for regulating tech, but it should not do so at the expense of international cooperation. On the home front, aside from tax itself, this also means working with the private sector to understand how to protect small businesses and startups from the impact of tech giants.

Talks at Davos showed that there is an appetite for global collaboration on a digital tax, even from the US – with the UK acknowledging that this is the desired destination.

Although pursuing a unilateral approach may show leadership, any pre-emptive measures from the UK would inevitably delay progress at an international level.

Instead, the UK must learn from the French experience, show faith in the OECD, and work towards a multilateral solution to what is an inherently global issue.

Russ Shaw is founder of Tech London Advocates and Global Tech Advocates. We WANT TO HEAR YOUR VIEWS E: theforum@cityam.com COMMENT AT: cityam.com/forum

LETTERS TO THE EDITOR

Northern Fail

Yet another private train company has failed, leaving the nation to pick up the pieces. Taking London into public ownership is overdue, but it should be permanently nationalised along with the rest of the rail industry. Let’s take back control of our railway.

@AndyMcDonaldMP

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In recent years, the government has avoided the pitfall of ever aspiring to worldwide economic dominance.
I confronted our bureaucratic tax system — and lost

Like so many freelancers (if the numbers who have got in touch to share similar experiences are anything to go by), my extra income can double or halve from month to month and year to year. In 2017, for example, I made virtually nothing, so paid hardly any additional (non-PAT) tax. The following year was far more successful.

The result? My tax bill, due by tomorrow, is 100 per cent of what I owe for 2018-19, plus 50 per cent of what HMRC assumes 2019-20 will be similar. I can, the HMRC website tells me, reduce my payment on account. But if I get it wrong and underestimate what I am likely to owe, I will be charged interest — at 3.25 per cent. (If I overestimate, HMRC will eventually return the additional tax, without interest.)

Obviously, I queried this. And in HMRC’s defence at what must be the busiest time of the year, they responded. Unfortunately, they confirmed that freelancers in my position are required to pay what amounts to 150 per cent of a tax bill all at once, and were unable to point me to any loophole.

This year, I filled out the return (thank you spreadsheet), only to be confronted with the shock of a tax bill that was 50 per cent higher than I had planned — and budgeted — for.

Why? Because of HMRC’s “payment on account” system. On 31 January, those filing returns are required not only to pay any tax due on the previous tax year (in this case, 2014-15), but half their projected tax bill for the current year (2019-20). HMRC essentially looks at your total tax bill, assumes next year’s will be broadly similar, and demands half of it up front before the tax year is even over.

Are technology companies a threat to central banks?

Tech companies are rapidly developing solutions to overcome shortfalls in the monetary system and proving flexible in tailoring their services to converge with consumer trends. Wide-scale adoption of privately-issued digital coins is growing more probable, particularly in emerging economies. Central bank autonomy would suffer, and monetary sovereignty could be threatened.

Financial stability risk could arise through fragmentation in the monetary system from the widespread issuance of non-fungible digital currencies. In such cases, national central banks could lose control over the money supply. This would result in a severe weakening of their monetary policy-making tools.

If a large enough fraction of the population adopted and stored value in another currency, monetary transmission could become a threat to central banks. But this would only be a risk because there is no identifiable firm behind any of these currencies that governments could shut down or regulators could control. If prominent tech firms worked with central banks, this would be less of an issue.

Some have argued that central banks could issue a digital currency as a complement to physical fiat currency this year, countering the alternatives offered by major tech companies.

Central banks play a vital role in safeguarding the global financial system — and technology doesn’t change that core function. At its best, it should work to enhance and improve it.

The relationship between technology and central banks should be cooperative, particularly where tech firms can address challenges like anti-money laundering and know your customer processes. Smart fintech firms engage and work with central banks and regulators right from the start, in a constructive partnership, to improve existing processes and infrastructures.

It has been argued that so-called anarchic cryptocurrencies like bitcoin could become threats to central banks. But this would only be a risk because there is no identifiable firm behind any of these

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| pass-through via traditional channels would be affected. This would be an especially grave concern for countries with tighter capital controls. However, in the long term, a private digital currency is unlikely to replace cash. We will probably see the launch of a central bank-issued digital currency (as a complement to physical fiat currency) this year, countering the alternatives offered by major tech companies.  

BHAVIN PATEL is head of fintech research at OMFIF. |

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| governments that could shut down or regulators could control. If prominent tech firms worked with central banks, this would be less of an issue. The financial services industry as a whole, including the central banks, should now look at tech firms with the same open mind that the industry took to electrification in the 2000s.  

Richard Brown is chief technology officer at R3. |
S

ince the original Surface Pro launched in 2013, Microsoft’s range of tablets have offered a value proposition most business users have found hard to resist: the form factor of an iPad, but with the functionality of a Windows PC.

Some mistakes were made along the way, namely a few tablets running compromised, Frankenstein versions of the operating system, which awkwardly straddled the realms of desktop and mobile like a drunk failing to vault a bollard. But since the launch of Windows 10, the leading Surface Pro devices each provide a near-seamless, fully compatible desktop experience on a machine smaller than a sheet of A4.

The Surface Pro 7 doesn’t rock the boat, mostly keeping things familiar while ushering in a few new features and a significant performance boost over previous models. This is achieved through the use of Intel’s latest 10nm processors in every available configuration; the smaller those transistors, the more of them you can cram into the CPU, and the faster everything goes.

The fresh legs are clear from the get go. This tiny tablet will churn through any task you could reasonably expect of it short of jobs like high-end gaming. Audio and raw image editing in Adobe Creative Suite, 4K streaming, anything you could conceivably want to do in Office 365 – the Surface Pro 7 rarely breaks a sweat in everyday use, only betraying its smaller size when it chews through its energy reserves at speed. That power increase comes at the expense of battery – eight hours of web browsing will send it to sleep.

The Surface Pro 7 is also Microsoft’s best looking hardware yet, especially when paired with the new colour range of accessories. The poppy red Type Cover in alcantara fabric – a synthetic suede more often spotted on the dashboard of fancy cars – is striking, though you wouldn’t want to eat your soup anywhere near it. The Surface Pen and Surface Arc mouse can be found in matching shades, though all three are sold separately. Expect to spend another £300 if you want to be fashionably colour coded on your morning commute.

Search around the 12.3-inch touchscreen of this new tablet and you’ll struggle to spot what else has changed since the Surface Pro 6. There’s a USB-C port for connecting to the newer devices. The iconic kickstand snaps out of the back, and when used with the cover turns this tablet into a functional laptop in a way no other two-in-one device can manage. The Pen still snaps to the side, satisfyingly.

Owners of the previous model shouldn’t feel the urge to upgrade, but those looking for a do-it-all hybrid won’t find much better.
OFFICE POLITICS

The BBC keeps scoring own goals with its comms

The broadcaster is a textbook example of how not to manage your internal messaging

LIKE the perfect colour for a cup of tea (green, in my case), it seems that everyone in the UK must have an opinion on the BBC. Auntie, age 97, has become loathed in some quarters of the right-wing press, with omnipresent claims of BBC bias, and equally hated in sections of the left-wing media, with similarly omnipresent claims of BBC bias.

The attacks tend to get louder during General Elections, when the public service broadcaster gets accused of committing all sorts of sins by politicians from every party.

After securing a strong majority in December, the freshly elected Prime Minister Boris Johnson has ordered a review of the BBC's funding via the licence fee. And now the institution's highest-paid star and football pundit extraordinaire Gary Lineker (star of Match of the Day, Sports Personality of the Year, and the first episode of season three of W1A) has put the boot in.

“You’re forced to pay it if you want a TV, and therefore it’s a tax,” he told The Guardian. “The public pay our salaries, so everyone is a target.”

This VAR-free intervention comes after the BBC’s director-general, Lord Tony Hall, announced his decision to stand down from the top job in the summer, and it follows presenter Samira Ahmed’s successful and high-profile equal pay case against the BBC.

Times were already tricky — but somehow, the broadcaster made things worse by committing a cardinal sin of internal communications and failing to let employees know about a major shake-up of its current affairs programming.

This has meant that the BBC has unintentionally picked a fight with award-winning, cancer-surviving Victoria Derbyshire, who claims that she first heard about the alleged axing of her programme in The Times.

It is a similar story for the award-winning BBC correspondent Sanchia Berg, who took to Twitter to say that she learnt through the Mail Online that “the job I’ve done for more than 20 years is to be closed”. A backlash has ensued, with viewers urging the BBC to keep Derbyshire’s show.

There are many great examples of change management communications — this was certainly not one of them. In fact, it was a massive fail. Perhaps the BBC’s management has spent too much time watching The Apprentice and not enough time learning from chief executives in the real world who actually appear and are scrutinised on their programmes.

The BBC needs to regain its position as one of the nation’s most trusted and treasured brands. But building trust starts at home, and it will have to work hard to regain the trust of its most valuable assets: its talent. After all, who wants to work at an organisation that effectively announces your redundancy in a national newspaper?

Auntie will reach her one hundredth anniversary in three years. A new director-general will be at the helm, the licence fee will likely be reformed, and the talent pool will be in demand from several new entrants as we enter a new phase of the streaming wars.

It is time for the BBC to start acting its age, harness the immense wisdom that lies within this media behemoth, and attempt to regain the moral high ground in public life.

In other words, and as Lineker would say, it needs to stop scoring so many “own goals”.

Emma Kane is chief executive of Newgate Communications.

RAINY DAY FUND

Chip Free

Chip is one of a plethora of apps designed to help you with saving. Using Open Banking, it monitors your spending and calculates when it can move small chunks of your money into savings, without you noticing or going into your overdraft. Chip doesn’t pay any interest, so once you’ve built up a tidy sum, you should move it into a proper bank savings account — or use it to treat yourself to a night out.

Emma Kane is chief executive of Newgate Communications.

COFFEE BREAK

SUDOKU

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KAKURO

Using only the letters in the Wordwheel, you have ten minutes to find as many words as possible, none of which may be plural, foreign words or proper nouns. Each word must be of three letters or more, all must contain the central letter and letters can only be used once in every word. There is at least one nine-letter word in the wheel.

EXTRA CROSSWORD

ACROSS
1 Confess (3,2)
4 Country, capital Nairobi (5)
7 Group of travelling performers (6)
10 Percussion instrument (4)
12 European river that flows into the North Sea (4)
17 Strongly disliking (6)
21 Thin for (4)
23 Loose (4)
28 If there happens to be need (2,4)
31 Brewery cart (4)
33 Part of a skeleton (4)
34 Fit out with garments (6)
35 Iraq’s second largest city (5)
37 Character created by Enid Blyton (5)

DOWN
1 Person rejected from society (7)
2 Lasso (5)
3 Tubes (5)
5 Locally prevalent (7)
6 Truly, letter ending (5)
7 Expressing (5)
8 Grow, mournful (7)
12 Small, graceful animal of the woods (3,4)
14 Because of (7)
16 Fragrance (5)
21 Man-made fibre (5)
29 Played a part (5)
Wood’s comeback shows the depth of England’s bowling

E NGLAND won the fourth Test match against South Africa on Monday to seal a 3-1 series victory and there are a lot of positives for them to take out of the last six weeks. South Africa are in a transitional phase and are clearly not what they used to be, but the fact England bounced back after losing the first Test to prove wrong was very encouraging.

That they did so with so many promising young players in the side is even more so, with Dom Bess, Zak Crawley, Ollie Pope, Dom Bess and Sam Curran all performing well.

I was also happy to see the strength in depth of the bowling department, which was without Jimmy Anderson for two Tests and Jofra Archer for three. I’m sure Archer will come back from injury soon.

CRICKET COMMENT

Chris Tremlett

Wood won the man of the match award in Johannesburg

Chris Tremlett is a former England and Surrey fast bowler and a director at Source Property Investments. (@ChrisTremlett33)

Wood will face tougher challenges on different kinds of pitches in the subcontinent and in Australia, but for him the main battle is just staying fit.

INJURY SYMPATHY

As a fast bowler myself I know the struggles that come with dealing with injuries and I have a lot of sympathy for him. He has worked hard off the pitch and match figures of 9/100 were a fitting reward.

Wood strengthened his run-up to ease the pressure on his ankles and knees, which can be a difficult thing to do. He needed to change his action to reduce the stress, but bowling is all about momentum and tweaks like that take time to get used to.

I actually went the other way, shortening my run-up when I encountered back problems. It worked for a short time, but ultimately it didn’t feel comfortable.

There are so many moving parts to get in the right place, so I just hope Wood has found something that works for him, so he can turn his 15 Tests into 50 or 60.

BUTTLER CONUNDRUM

One of the only negatives for England is the form of Jos Buttler, who averaged just 16.42 in South Africa.

There have been calls for Chris Silv...
Super Bowl will be a battle between the Chiefs’ passing and 49ers’ running. writes Felix Keith

The Super Bowl is a mammoth sporting event, and an occasion of such magnitude is always going to come attached with a great deal of hype. The NFL showpiece is always billed as unmissable – something fans hype. The NFL showpiece is always largely based around the incredible operandi of the opposing sides: both teams have averaged over 300 yards passing per game in the entire 37-20 victory as head coach Kyle Shanahan showed how effective his blueprint can be.

It’s an old-school feel with a modern twist to it. That’s what Super Bowl LIV should not have such hype. Sunday’s clash between Kansas City Chiefs and San Francisco 49ers has too many things going for it to be boring.

TOO CLOSE TO CALL

“Normally in Super Bowl week there’s a favourite, and sometimes it can be a strong favourite, or there’s certainly a sense of how the game will play out.” Sky Sports NFL presenter Neil Reynolds, who is covering his 11th season finale in Miami, told City A.M.

“At the moment, you listen to people over here, and there’s no clear favourite. It’s a classic coin-flip game.”

It looks set to be an intriguing tactical battle at the Hard Rock Stadium – but not the kind often used to embellish a match light on action. The intrigue stems from the modulus operandi of the opposing sides: both teams attack, but in different ways.

This is the fifth Super Bowl where both teams have averaged over 28 points per game in the season, yet they have gone about it in contrasting fashion. While the Chiefs’ schemes are largely based around the incredible arm talent of quarterback Patrick Mahomes, the 49ers rely much more on their powerful running game to get up the field.

MAHOMES MAGIC

If you are going to base the majority of your attacking play around someone, it is helpful when that person is Mahomes.

“I think he’s the best player in the NFL, he’s box office,” says Reynolds. “He can make every standard throw, but he can also improvise. He can throw with his left hand; when he’s not looking where he’s throwing; across the field; off balance; on the run; against defenders; over them. He’s got it all.”

The winner of last season’s most valuable player award also happens to be aiming at some of the fastest wide receivers in the NFL. Tyreek Hill, De’Marcus Robinson and Sammy Watkins open up all kinds of space downfield, while his near-telepathic relationship with tight end Travis Kelce can generally be relied upon to find downlow.

And when the opposition cover all passing options, Mahomes has the intelligence and the legs to run himself, as his magical game-turning touchdown in the Chiefs’ 35-24 AFC Championship win over Tennessee Titans attests.

While the Chiefs have Mahomes on their side, they also have the weight of history hanging over them. Their founder and original owner Lamar Hunt invented the name Super Bowl after seeing his children playing with a toy called a “Super Ball”. But this is their first Super Bowl since 1969 and only the second of head coach Andy Reid’s 21-year NFL career.

Reid has made the play-offs 15 times each, innovative twist to it. That’s what makes the battle between the Chiefs’ passing and 49ers’ running so intriguing.

“If Reid or Shanahan can neutralise their opponents’ trump card then it could decide the game.
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