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FRIDAY 15 SEPTEMBER 2017 | ISSUE 2,961

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FREE

POUND RISES AS GOVERNOR HINTS AT HIKE

EMMA HASLETT AND JOSH JACOBS

THE POUND rallied against the dollar yesterday as the Bank of England (BoE) held interest rates at 0.25 per cent, but indicated a hike could happen "in the coming months".

Sterling hit a one-year high against the dollar, rising 1.46 per cent to \$1.340. The currency also jumped against the euro, rising more than one per cent to €1.127, though was last night at €1.124.

The FTSE 100 dropped to a four-month low yesterday after the sterling surge hit the index's dollar-earnings. It ended the day 1.1 per cent lower at 7,295.39 points.

Members of the Bank's monetary policy committee (MPC) voted seven to two to keep interest rates on hold but said that "some withdrawal of monetary stimulus was likely to be appropriate over the coming months".

Bank of England governor Mark Carney said the probability of a rate

increase has "definitely increased."

"The majority of members of the [monetary policy] committee, myself included, see that that balancing act is beginning to shift, and that in order to... return inflation to that two per cent target in a sustainable manner, there may need to be some adjustment of interest rates in the coming months," Carney said in an interview last night.



Bank of England governor Mark Carney said rate hike is possible

data. I guess that possibility has definitely increased."

Analysts at Nomura predict a hike at November's meeting, adding that the chances of a further rise in UK yields are "higher than they were before".

"It was the communication change that was needed to open up the market to the idea of a November

hike and today we have had it."

Minutes of the latest MPC meeting revealed that members believe UK inflation will overshoot three per cent by October. Figures from the Office for National Statistics released earlier this week showed inflation rose to 2.9 per cent in August, compared with a 2.6 per cent rise in July. Other data released this week pointed out wage growth was stuck at 2.1 per cent in the three months to August, the same as the month before.

Ben Brettell, senior economist at Hargreaves Lansdown, said holding interest rates "makes a great deal of sense".

"Usually a combination of low unemployment and above-target inflation would mean a rate rise was firmly on the cards. But these are far from normal times. Unemployment might be at a multi-decade low, but this has yet to feed through into any meaningful wage growth. Meanwhile, inflation is expected to fall back without the need for action, as the effect of sterling weakness falls out of the year-on-year calculation."

BANKS, BEWARE Financial firms face threat of a devastating hack



LYNSEY BARBER

@lynseybarber

A LEADING global bank could suffer a hack of the severity experienced recently by credit report provider Equifax, the founder of billion-dollar cyber security startup Tanium has warned today.

"If you take the top 100 banks, they all have a similar scale of data as Equifax," Orion Hindawi, the founder and chief executive of Tanium, told City A.M. "Most of them are doing a better and better job, every week. I really am seeing a huge amount of energy being put into this, but one of them isn't going to do a great job."

"And if it [data] is not segmented in a way that separates it, if it's not encrypted correctly, you end up in a situation with the potential for a massive, massive data loss."

The personal data of 143m Americans - more than 40 per cent of

the US population - was breached by hackers, Equifax revealed last week. It's one of the most serious breaches ever seen and was yesterday called "one of the most egregious examples of corporate malfeasance since Enron" by US Senate democratic leader Chuck Schumer.

Hindawi, whose firm counts 12 of the top 15 US banks among its customers and Lloyds and Barclays in the UK, warned that the sheer scale of banks' systems means the threat of an attack can never be fully mitigated.

He said: "The reality of the situation is even if you're 99.9 per cent compliant, there's always going to be a vector of attack and we just need to make sure that we contain it as much as we can and reduce the frequency."

Tanium is valued at \$3.75bn and is backed by Silicon Valley venture capital firm Andreessen Horowitz and private equity firm TPG.

FTSE 100 ▼ 7,295.39 -84.31 FTSE 250 ▼ 19,523.94 -66.03 DOW ▲ 22,203.48 +45.30 NASDAQ ▼ 6,429.08 -31.11 E/\$ ▲ 1.340 +0.020 E/€ ▲ 1.124 +0.013 E/\$ ▲ 1.191 +0.003



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Gavin Marshall

Gavin Marshall, CEO, Bristol Sport

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LEGAL Q&A

I am buying a flat with "a share of freehold". There are six leaseholders who have set up a company to own the freehold. Will I own a freehold flat?

Hema Anand
Bircham
Dyson Bell



The answer is no – you will not own a freehold flat. You buy the flat subject to the lease, which will contain obligations the leaseholder and the landlord owe to each other and these will remain. For example, the landlord will usually be obliged to repair, manage and insure the building and the leaseholder will be required to contribute towards the landlord's costs for looking after the building. The lease will contain certain restrictions relating to pets, alterations or flooring, for example, which the leaseholder is obliged to comply with.

Essentially, a building which contains flats, is owned by the freeholder. In your case, you are receiving a share in the company (set up by the leaseholders), which owns the building. A share of freehold should let you carry out the landlord's duties under the terms of the leases, be in control of the building and better monitor expenditure than say a third party landlord, which is the general appeal of buying a flat with a share of freehold. However, there are other issues to consider too.

Neighbours who are members of the company can make decision-making difficult, if they are uncooperative or unresponsive. To better understand your say in the company or what the share entitles you to, your solicitor should check how decisions are made on behalf of the company and who is entitled to be a director. If a director fails to meet his/her responsibilities, they can be fined or prosecuted. The failure to run the company properly can mean the company is struck off and the leaseholders no longer own the freehold interest.

The company owning the freehold should be careful if it is considering waiving any of the provisions of the leases. For example, unreasonably delaying major works may devalue the buildings, giving rise to claims against the company. Your solicitor should check there is paperwork to support the company is observing the terms of the lease or that there are qualified managing agents instructed by the company to manage the building. Your solicitor should check the current length of the lease, too, as there is no guarantee you will receive an extended lease or can grant yourself a new extended lease.

◉ Bircham Dyson Bell is a multi-disciplinary UK law firm advising private companies, public sector bodies, not-for-profit organisations and individuals since 1834. Visit bdb-law.co.uk to find out more

FEATURE

JUSTIN GAZE, JOINT HEAD OF RESIDENTIAL DEVELOPMENT AT KNIGHT FRANK



1. Providing clarity on the future of Help to Buy. This would aid development decisions for housebuilders, rather than resulting in a period of uncertainty between 2018 and 2021 and potential decline in new home completions. The Labour party has already laid out its plans, now it's the turn of the Conservatives.
2. Addressing the cost of attaining planning, perhaps by cutting the bill for smaller housebuilders, thereby making it easier for them to enter the market.
3. Announcing immediately the promotion of the housing minister to Cabinet to demonstrate the government is serious about housebuilding.

ADAM CHALLIS, RESIDENTIAL RESEARCH AT JLL



"There is simply not enough capacity to even entertain national target rates of housing delivery without a proportion of between one third and one half of new homes being created off-site in factory environments in the long-term. Estimates vary, but JLL believes current off-site capacity in the UK is below 20,000 units, suggesting the industry must grow and mature rapidly. There is no longer room for complacency. This is worthy of direct Government support through Homes England and in line with the broader post-Brexit industrial strategy for the UK. The UK could claim exporter status with respect to factory-produced housing construction capability, while also modernizing the housebuilding industry that has been wracked by quality concerns alongside its relative unresponsiveness to increases in quantity."

KATHERINE MCCULLOUGH, DEVELOPMENT DIRECTOR AT MERCHANT LAND



"During the political party season, I would like to see some attention given to reviewing what Osborne's stamp duty reforms have achieved and ideally, to have them reversed in order to help stimulate the housing market at the top end. It would also be encouraging to hear discussion taking place around tax incentives to encourage down-sizing, not only to stimulate housing supply but to also benefit the downsizers themselves. Finally, a critical and honest conversation around Help to Buy schemes and whether they will be committed to in the mid to long term or brought to an end would be welcome."



JEFF DOBLE, DEXTERS CHIEF EXECUTIVE AND FOUNDER

"The seemingly endless changes of Housing Minister appear to show a lack of commitment by Government to this vital policy area. Stamp duty must remain at the top of the agenda. The current stamp duty arrangements at the top end of the market are acting as a disincentive to sell and should be reduced. This would not only encourage transactions, but also result in higher tax revenue."

PAUL COOK, MANAGING DIRECTOR OF DUKELEASE (PRIME CENTRAL LONDON DEVELOPER)

Planning policy should be updated to reflect how both how people want to live and how London is growing – allowing more mid-rise and smartly designed buildings across the city which can deliver high density yet sustainable living. Rather than any abrupt removal of SDLT, which could result in inflation as a flood of transactions take place, an adjustment to policy needs to be pitched at a sensible level to maintain a reasonable flow of transactions whilst still benefiting the exchequer. Regardless, the Chancellor must lay out his clear rationale for SDLT. As well as continuing to try and increase the mass of London itself, it would be a welcome change to see an approach that looks to alleviate the pressure, concentrating on cultivating the growth of 'nodal' towns into business hubs in their own right. There are a great number of well-placed towns located on key London transport links that with the right support have major growth potential.



PARTY TIME

The Lib Dems kick off the party conference season this weekend. Here's what the experts want to see our politicians discussing over the next few weeks



HANNAH MCDUGALL, LETTINGS MANAGER AT UNITED KINGDOM SOTHEBY'S INTERNATIONAL REALTY

"I am looking forward to the Conservative party bringing some clarity to the lettings fees ban. This issue came to the forefront in the Autumn Statement and again in the Queen's speech early this year, but since then we've heard very little on how the government plans to tackle this. Uncertainty is rife and this needs to be addressed in order for the rental market to thrive. Our team has already taken the decision to absorb lettings fees until a firm decision is made as to who these fees will fall to, but certainly transparency on this issue and consistency across the market would be extremely encouraging to see."



TREVOR ABRAHAMSON, DIRECTOR, GLENTREE INTERNATIONAL

To clear the logjam to get the sluggish Residential Property up and running

1. Reduce the transaction tax (SDLT) at the middle to higher end since you will increase the revenue to the Treasury and, at the same time, the number of transactions that take place that will increase the liquidity of the market.
2. Planning: The labyrinthine planning process is the chicanery of the housing supply. Rescue back the control of planning consents from the local boroughs and give it to the DOE so that adjudications are based on planning matters and not on petty politics or fatuous ecological aspirations.

SIMON GERRARD, MD, MARTYN GERRARD

There are two policies I think could be transformative. Firstly, a time restricted Capital Gains Tax Moratorium to encourage landowners to sell parcels of land which will enable much needed new housing to be built, and secondly a stamp duty rethink that would make it payable by those selling, not buying; encouraging both first time buyers and those aspiring to move up. Both Government and industry must work together to initiate reform in a radical way or the rhetoric means nothing!



ED HEATON, FOUNDER AND MANAGING PARTNER OF HEATON & PARTNERS

"I would like to see a reduction in stamp duty proposed in the party conference speeches. I'm not sure that I stand much hope of it, but we desperately need to try and give the prime market a helping hand. A reduction in stamp duty would definitely help release more stock into the market without fuelling house price inflation."

ADAM STACKHOUSE, EXECUTIVE RDI & NEW HOMES DIRECTOR

In the last couple of days, Sadiq Khan has suggested that he should assume control over the Capital's Stamp Duty receipts (currently £3.37bn in 2015/16 and rising...) so how about a combination of the two to provide solutions for all? Instead of isolating affordable homes as an issue we should confront this issue with the obvious remedy – tax revenues from home sales. If a robust argument was presented to politicians whereby Khan was given control of stamp duty receipts and the rates at which they are set in the Capital, then he would be able to apply this tax more specifically across the city and vary it for those most in need. This would be one way to get things moving.

