[Boardroom City Debates]

The QCA City Debate 2025
The Debate Report

The **QCA City Debate 2025** was held at the **ICAEW** in Moorgate, on Wednesday 7 May 2025, in association with **Diligent** (main sponsor) and **Spectrum Executive Search**. The Debate posed the question where will companies best thrive?... on the public markets, with better governance and visibility, or backed by private capital.

Executive Summary

Although the indicative vote for the QCA City Debate*: **"This House believes growing companies best thrive on public markets"*** was against the Motion, following strong arguments expressed on both sides during the debate, together with lively discussion and interaction from the Floor of the House, the Motion was carried.

The **Proposers** argued:

- Public markets are liquid, democratic, support responsible and sustainable growth, whilst also offering high governance standards, with transparency and accountability.
- The Motion is not just focused on the UK position, based on 'worldwide' empirical evidence public markets outperform private markets - myths about 'private equity' do not stand up to scrutiny.
- In conclusion, for creating and maintaining trust in business the public market route is the answer.

The **Opposers** argued:

- "Best thrive" are the key themes to focus on, especially considering actual real-world experience it is not just about academic theories.
- Private markets, especially during the post-pandemic period, thrive with innovation, sustainability, resilience, freedom and more of a laser focus on growth
- In conclusion, public markets are demanding, rigid, punishing and share price movements are almost always disproportionate.

The Debate Report

The Debate Motion was:

"This House believes growing companies best thrive on public markets"

Creating the Boardroom dynamic
In adopting the debate format to explore this very topical issue it was recognised that there may be a close parallel between a debate and a boardroom. In each situation, there must be respect for the opposing view, but also an atmosphere of constructive challenge after careful listening.

The Chairman
Barry Gamble, an experienced Chairman of debates and of companies.

The Debaters
Proposing the motion:

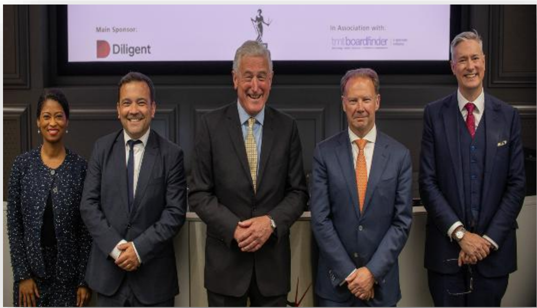
- **Filipe Morais,** *Lecturer in Governance and Programme Director at Henley Business School;* ***seconded by***
- **Dorothy Burwell,** *Partner FGS Global; Board member Post Holdings, Inc. and Pennon plc;*

Opposing the motion:

- **Jonathan Satchell,** *CEO Learning Technologies Group;* ***seconded by***
- **Mervyn Metcalf,** *MD and co-founder Dean Street Advisers; Board Trustee The Discerning Eye.*

It is important to note that there should be no assumption that the debater's personal views either did or did not coincide with the side of the motion for which they argued.

ICAEW welcome from Malcolm Bacchus
(ICAEW President)



The Chairman and Debating Teams
at the start of the Debate

Background to the Motion

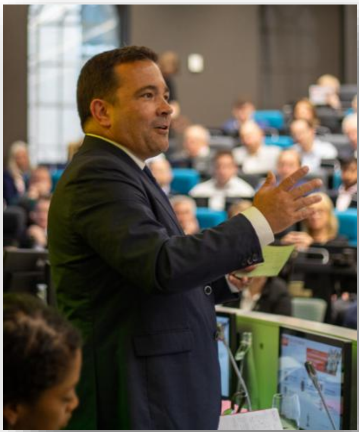
The UK Government and the City recognise the need for more economic growth and that means more growing companies. But where will they prosper best? On the public markets, with better governance and visibility, or backed by private capital? The QCA City Debate sought to explore both sides of the issue, offering insights into current thinking - and attempting to divine the way forward.

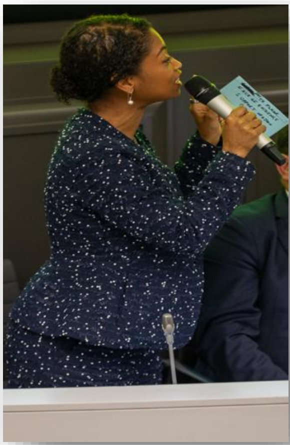
The Indicative Vote

Before the Debate started Barry Gamble, the Chairman, called for a straw poll of the Motion and a summary of the result is set out below:

The Indicative Vote	%
For the Motion:	**45**
Against the Motion:	**52**
Abstained:	**3**

Proposers of the Motion (*Filipe Morais & Dorothy Burwell*)

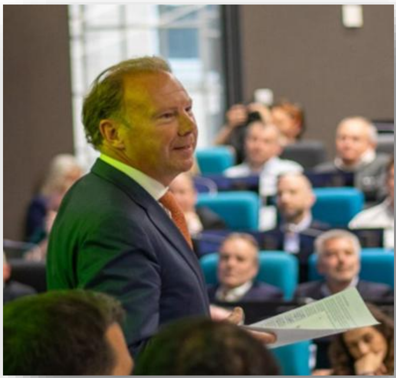


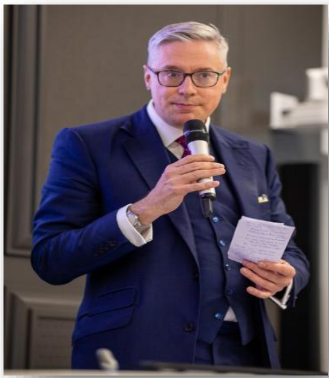


The Proposers summarised their argument into the following points:

- Public markets are liquid, democratic, support responsible and sustainable growth, offer high governance standards with transparency and accountability.
- There are a range of "Myths" about private equity, including:
    - There has been a wholesale move of capital from public to private markets
    - Returns are higher in private markets
    - Revenue growth is higher in private markets
    - More innovation is seen in private markets
    - Public markets are more risky
    - Private markets are better for society
- Whilst PE-backed companies' market capitalisation is growing - there are nearly 25 times more PE- and VC-backed companies than public markets, the total capitalisation of private equity and venture capital backed companies is just 12% of public equity markets.
- PE-backed companies do not actually drive innovation more successfully than public markets, according to studies (as always, there are caveats in data, methodologies and definitions), but the supply of extensive, empirically backed data is available.
- Public markets do provide welcome stability with governance and regulation. Private companies have failed (eg Thames Water).
- Private companies have been seen to "fiddle with the figures". Public markets provide tangible returns, support vigorous growth and generate wealth.
- The P/E leveraged buy-out failure rate that we have seen is not a myth.

Opposers of the Motion (*Jonathan Satchell & Mervyn Metcalf*)





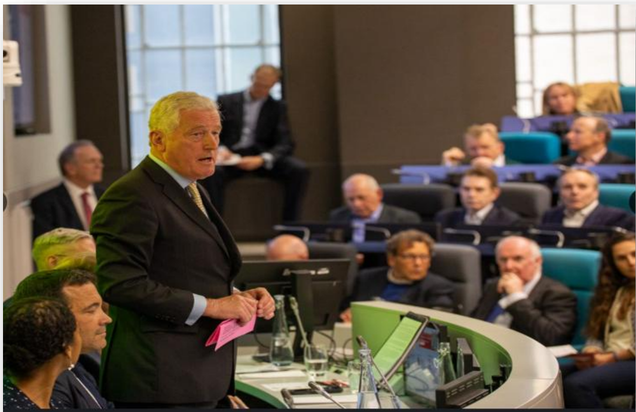
- "Best thrive" are the key themes to focus on especially considering real world practice and not based on the theory of academia.
- Public markets have, in the past, worked to provide liquidity and to support growth, but sentiment has shifted post-pandemic with higher inflation and interest rates.
- Private markets thrive with innovation, sustainability, resilience, freedom and more of a laser focus on growth. They ignore the ups and downs of daily share prices, earnings and reporting cycles, as well as the regulatory burden to focus on the 'long term'.
- Governance is aligned through shareholding interests and pay. It is not 'stymied' waiting for market sentiment which can completely undermine public company pay arrangements.
- It is observed that public markets achieve liquidity as they shift to private.
- The 'AIM' market is not the best place to be at the moment.
- Challenges have faced the London equity markets in recent years especially compared to the benefits of concentrated ownership in private equity-owned companies.
- On a personal note, positive affirmation that public markets have actually done very well for Learning Technologies Group Plc from 2013 to 2024 (Johnathan Satchell's business) During this time the company was quoted on the London Stock Exchange, raising funds six times - always oversubscribed, making 17 acquisitions, and growing employees from 100 people to over 5,000 in over 36 countries. But as noted times have changed and based on the motion we are looking at the here and now.
- We used to love IPOs, the cache of the London market with its access to capital. Pay and share options schemes worked by aligning interests between staff and shareholders. But increasing disclosure and regulation, such as MIFID II, have weighed down public company directors. Made worse by share prices which go down all too easily.
- Private equity brings alignment between management and the company backers, the ability to run the business away from constant public scrutiny. By contrast stealth and secrecy helps to obtain commercial advantage.
- It can be lonely being a public company CEO, they often need "therapy". Even their Chairman can turn around and fire them, rather than offer much needed support.
- Private markets maximise success.

Some key points from the Floor of the House

- There is widespread consensus that the ongoing reform of the London Equity Markets needs to keep going at pace, to improve liquidity at the smaller end of market caps and to more effectively leverage the benefits of being a public company.
- It's not an 'either/or' debate. Motions need confrontation and sexy titles, but the reality is that what works for one company as a public company, may not work for the one next door. And there are many other types of financing available as well, including mezzanine and structured products.
- How do we channel more money into UK companies? It was mentioned that at the start of the 21st century Schroders had around 25% of its assets under management in UK companies. Today that figure is down to around 4%. It is not generally believed that tax-led incentives encourage investing more in UK companies. But we do need to make it easier for both growing as well as mature companies to join and thrive in the public markets.
- A question was posed on how public companies are connecting with Generation Z? How can they tap into the 170,000 crypto millionaires recently created? Although a point was raised of whether these paper gains may have vanished by the time they are written up… Nevertheless, what is clear is that Gen Z is here to stay. The disconnect between young people and quoted companies is enormous and represents a huge opportunity to engage with them through "non-traditional" channels and approaches.
- There is the need to keep increasing the measurement and cost assessment of "externalities" generated by companies and the differences in how public and private companies account for these, ranging from natural capital to the gamut of 'ESG'.
- There is also the point of the potential similarities between the current political debate and how we as a society want to invest in companies, via public companies or private companies.
- Public markets cause constant anxiety and a feeling of chasing one's tail. Companies are played by market makers and private investors but cannot raise cash.
- There is a moral, social and financial case for public markets, but they need innovation and development in particular to engage younger generations.
- Public companies allow shares to be used as currency but not if the values quoted are at a discount to other markets such as London is to New York.
- Do we see public markets as we would like to see them, with less regulation?
- Family businesses provide the best stewardship.
- The Motion Proposers have used a wide geographical definition of public markets, but the Opposers see London itself as being more problematic. What is so different about the US example?

Some key points from the Floor of the House (continued)

- Private Equity is too often characterised through mythical investors. In reality private company reporting can be more onerous with the need for meeting monthly cycles.
- Platforms such as JP Jenkins offer a solution for those wanting to act like public companies, but without cost and complication. Public companies are but a destination rather than a route to growth.
- Public markets are unattractive because of cost and complication.
- The public vs. private consideration can often depend on the company eg Carphone Warehouse/Phones 4U
- There needs to be aspiration to be a public company and we do need the development capital of the past.
- Private Equity (PE) provides stronger accountability with shareholders holding management directly to account. Do we need public markets which operate like private markets in this respect; is more activism needed?
- Public markets are not working as we would like them to work. Public markets lack liquidity
- Pension funds are now allocating capital to private markets.
- PE investment is within a defined time frame rather than ongoing.
- We need public markets but the valuation multiples on these markets are letting us down.
- In the down cycle of public company valuation we are now experiencing the cost of transmitting capital in and out of the market is too high. Eg UK dividends taxed as income, but US as capital. UK transaction costs are higher.
- Public company reporting is too costly and complicated. The updated QCA Corporate Governance Code seems to have moved closer to the FRC UK Corporate Governance Code, although its structure remains more focused on 'growth company' perspectives.
- CEOs do get fired on private market companies
- Medium sized public companies have a funding constraint. For smaller entrepreneurial companies the constraint is regulation and the cost of compliance. Entrepreneurs do not want more regulation so are put off moving to public markets.



Summing up from Barry Gamble,
The Debate Chairman

Conclusions

'One size does not fit all'. As companies grow (or indeed shrink), they may find themselves moving between markets. Advice to growing companies before joining a public market or going down the PE route is to research, talk with as many good advisors as possible, and listen to as many experiences as possible. Based on your homework you can then choose what would work best for your company, taking into account the CEO, the management team, the company's objectives, the company's staff and all other necessary factors.

At a time of rapid change in the world, keep your options open. Learn, learn and then learn some more. And be ready to change your mind if the facts move against you over time or consider "unlearning". What works for someone else might not work for you and vice versa.

Closing Arguments

Proposers

- Hard evidence from research (academic and in practice) shows public markets are currently the place to be.
- Steered by NEDs, they offer the best governance and stewardship. If this is not working, change your NEDs!
- Smart regulation and good governance support the public markets.
- Discipline and structure are essential.
- Family companies can also work well on public markets.
- Public markets do need some reform, but for creating trust in business the public market route is the answer.

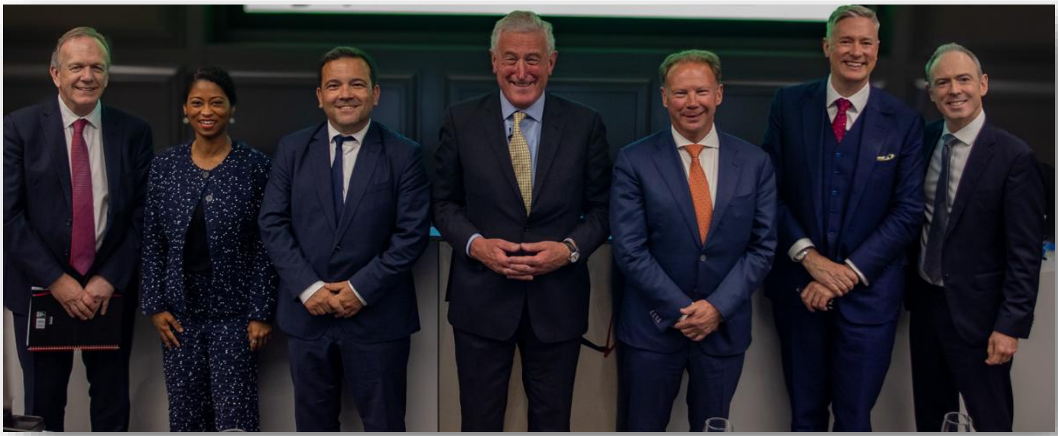
Opposers

- Insightful and interesting comments from the Floor support opposing the motion.
- Public markets can work, but not if your share price is always in the dumps.
- The amount of time spent on 'plc' matters is pointless, tedious, crazy.
- Share buybacks in London, as a means of supporting the share price, have failed.
- The key words in the notion are "best thrive" – private markets are the place to grow in strength and in resilience.
- Public markets are demanding, rigid, punishing and share price movements are almost always disproportionate.

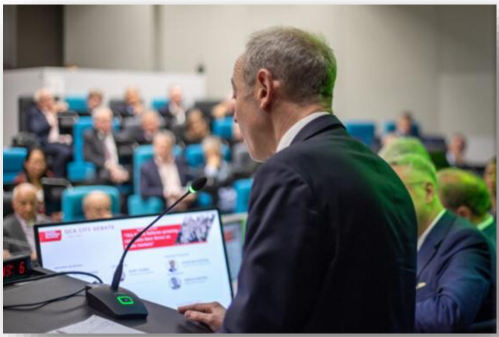
The Final Vote

After the Debate Barry Gamble called for a new poll of the Motion and a summary of the result, including the initial Indicative Vote, is set out below. **The Motion was carried with a swing of 19% following strong arguments expressed on both sides during the debate, together with lively discussion and interaction from the Floor.**

The Indicative Vote	%	The Final Vote	%
For the Motion:	45	For the Motion:	64
Against the Motion:	52	Against the Motion:	36
Abstained:	3	Abstained:	0



The Chairman, Debating Teams, and Organisers. From left to right:
Louis Cooper *(Boardroom City Debates)*, **Dorothy Burwell & Filipe Morais** *(The Proposers),*
Barry Gamble *(Debate Chairman),* **Jonathan Satchell & Mervyn Metcalf** *(The Opposers),*
James Ashton *(QCA CEO).*



QCA vote of thanks from James Ashton

[Report summary is based on a recording of the event, together with input from ***David Hothersall,*** *Kinlan Communications & Investor Relations; photos by* ***SWMSTUDIOS****]*

Watch a short video of the event via this link: https://www.youtube.com/watch?v=aUvWqYxcokY

QUOTED COMPANIES ALLIANCE

Hosted by: ICAEW Main Sponsor: Diligent In association with: tmtboardfinder