

Pension group raises pressure on M&S

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The Local Authority Pension Fund Forum is preparing to renew its opposition to corporate governance at Marks & Spencer, as the retailer begins its search for a new chief executive.

The LAPFF, which this year tabled a resolution aimed at ending Sir Stuart Rose's dual role as chief executive and chairman, is seeking a meeting with Sir David Michels, deputy chairman and senior independent director, over the next few weeks.

The LAPFF, which controls more than £75bn, (\$124bn) is particularly concerned about Sir Stuart staying on as chairman for a period after a new chief executive is appointed, according to people familiar with its thinking. Several other big investors have expressed concern to the M&S board about Sir Stuart remaining after his successor has been put in place.

M&S said the issue was debated ahead of its annual meeting in July. Shareholders had the opportunity to vote on the matter, and they supported the board.

Consequently, it is proceeding with its succession plans, which involve appointing a chief executive next year. Sir Stuart will stay on as chairman, before retiring from both roles by July 2011.

Several people familiar with the situation indicated that there was likely to be some flexibility in how long Sir Stuart remained as chairman after the new chief executive was appointed. In any event, Sir Stuart would not stay on longer than July 2011.

The development comes as M&S starts the search for a new chief executive. It is in the process of appointing headhunters. Jan Hall, the former Spencer Stuart headhunter who has worked for M&S in the past and now heads her own practice, JCA, is widely expected to win the mandate.

Earlier this week, John Dixon, the head of M&S's food business, was appointed to the retailer's board, fuelling speculation that he was edging ahead of Ian Dyson, the retailer's finance director, as the leading internal candidate.

However, some analysts have suggested that the timing may not be right for Mr Dixon to win the top job, having only been head of M&S's food business for just over a year.