

Post strikes will do most damage to Royal Mail



CITY COMMENT
IAN LUDER

IF THIS week's postal strike goes ahead from Thursday, as expected, the Square Mile will not come to a grinding halt.

The rise of the internet, email and

electronic trading platforms mean that the Royal Mail's integral role of facilitating business between City firms are long gone. I suspect that more damage will be caused to Royal Mail's brand and corporate reputation than to the financial services sector. However, London's image does not escape unscathed.

Royal Mail has already lost substantial contracts with Amazon and John Lewis, who have switched to alternative carriers. The timing of the strike, of course, could not be worse: the run-up to Christmas is the busiest period of the year for deliveries.

Most trading may now take place at the click of a button, but many individuals and, in particular, small

businesses and residents, still rely on traditional methods of communication. According to the London Chamber of Commerce, the postal strikes in 2007 cost £300m in the capital alone.

We cannot let our reputation as a world leading financial centre be tarnished by infrastructure problems, especially in the wake of the London Underground strike in June. This is why countercyclical investment on projects such as Crossrail is needed to meet the challenges of the future and aid economic recovery.

A well-functioning infrastructure network plays a crucial role in enabling people to access public transport, education, healthcare and

other key services. Cities with the best infrastructure networks attract the best pools of talent which, in turn, will drive future economic growth. Rapidly developing centres in Asia and Latin America have recognised this fact and are investing huge sums of capital to deliver a better quality of life for their population.

During my current visit to India, I can see the real benefits that innovative infrastructure financing and public private partnerships can bring to ordinary people.

For example, a Metro line designed in part by British company Mott MacDonald is being built between Indira Gandhi Airport and New Delhi, which I will visit later this

week. These types of projects are essential if India is to fulfil expectations by becoming a global economic powerhouse of the 21st century.

Over the next five years, more than \$500bn will be required to fund infrastructural development in India.

India is a vital trading partner for the UK: we share key investment and cultural links and the bilateral trade between our two countries is more than £12 billion. Furthermore, the London Stock Exchange hosts more than 50 Indian companies, and the UK is the third largest investor in India. We must keep strengthening this mutually beneficial relationship.

Ian Luder is Lord Mayor of the City of London

Lupus faces pay backlash

FINANCIAL SERVICES

By **ASHLEY ARMSTRONG**

LUPUS shareholders were up in arms last night after it emerged that the group's temporary chief executive was on a much higher pay package than they had been led to believe.

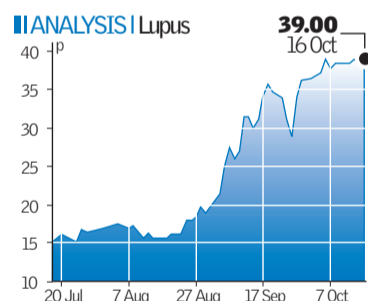
Turnaround specialist Keith Taylor was parachuted into the group as chief executive after chairman Greg Hutchings, a former Tomkins boss, was ousted in July.

But yesterday shareholders said they were "incensed" after learning that Taylor would be in line for a £250,000 bonus if he succeeds with turning around the building materials group. The bonus is on top of his daily rate of £2,750.

Shareholders at the company's annual meeting in July demanded to know the details of Taylor's pay package, but chairman Michael Jackson only said that the chief executive package was "broadly similar" to that received by Hutchings – a figure of "around £500,000".

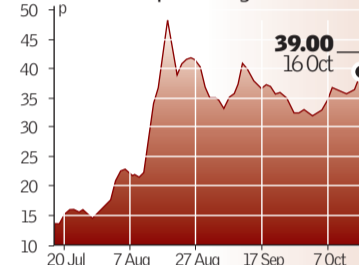
However, it has now been revealed that the pay package is almost double that. Hutchings has requisitioned an extraordinary general meeting calling for the removal of Jackson, Taylor and finance director Paul Felton-Smith, and his reinstatement at the helm of the group, on 30 October.

One shareholder yesterday told *City A.M.*: "The new board has been appointed by banks – in the interest of the banks – not shareholders – and there are many private shareholders who feel aggrieved."



BEST OF THE BROKERS

ANALYSIS | Capital & Regional



CAPITAL & REGIONAL

KBC Peel Hunt upgraded their rating on FTSE 250 stock Capital & Regional from "hold" to "buy", with a target price of 37p. The broker said that the new management has ensured the firm's survival, along with a stabilisation of commercial property values, and that it is well placed to take advantage of a recovery in values.

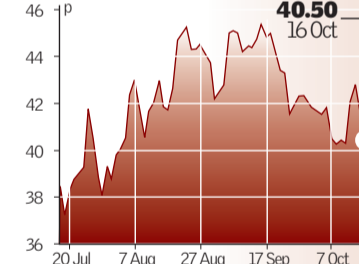
ANALYSIS | Aveva



AVEVA

Pannure Gordon moved Aveva to "sell", with an increased price target of 848p. The broker said that Aveva's first-quarter interim management statement suggested that trading is slightly ahead but commentary from the divisions offers little cheer. It says any expectations of upgrades this year are premature given its end markets.

ANALYSIS | Premier



PREMIER FOODS

JP Morgan downgraded Premier Foods to "underweight" from "neutral" and cut its December 2010 target price to 36p from 38p. The changes were driven by Premier's third-quarter interim management statement and the broker's detailed portfolio review, and the consequent realisation that fair value is below the current stock price.

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ITV set to seek new recruiters after job fiasco

MEDIA

ITV is likely to appoint new headhunters as soon as it has managed to find a suitable chairman.

ITV currently employs Russell Reynolds as headhunter, but after the shambolic nature of its recruitment process it is believed the group is looking at other parties, including Carol Leonard at Inzito Partners.

A source close to the situation yesterday said the group wouldn't be looking for other headhunters until the group had filled its chairman post – but it would then be up to the new chairman to begin the search for a chief executive.

ITV, facing the worst advertising downturn for decades, has been searching for a new chief executive since May when Michael Grade, then executive chairman, announced he would step back from the day-to-day running of the company.

Its search for a chairman began in September when Grade agreed to leave the company altogether after it failed to secure former BSKyB boss Tony Ball as chief executive.

CITY MOVES | WHO'S SWITCHING JOBS

Edited by Victoria Bates



Aviva

The insurer has appointed Marie Sigsworth as its new corporate responsibility director.

Sigsworth, who will be responsible for all aspects of corporate responsibility, including diversity, environment and community programmes and the global employee satisfaction survey, originally joined Aviva in 1986.

Clifford Chance

The law firm's partners have elected Cliff McAuley to serve a further term as global leader of its real estate practice, following an uncontested election.

McAuley was first elected to the role in January 2003, at which time he was also head of the London practice.

He commences his second four-year term on 1 January 2010.

Bunzl

The distribution and outsourcing group has hired Philip Rogerson as chairman, effective from March next year.

Rogerson currently holds roles as chairman of Northgate and non-executive director at Davis Service Group, both of which he will give up in order to take up his new position at Bunzl. He remains chairman of Aggreko and Carillion.

Franklin Templeton

The investment group has appointed Sonal Desai as director of research for the fixed income group's international bond department.

Desai has over 15 years of experience in the financial services sector and was most recently a member of the global credit team at Thames River Capital in London.

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