Rt Hon Frank Field MP
Chairman of the Work and Pensions Select Committee
House of Commons
Westminster
SW1A 0AA

13 June 2016

Dear Mr Field,

**BHS Oral Evidence Session – Wednesday 8 June**

To further assist the Committees, I am writing to provide clarity in relation to certain references to the Pension Protection Fund (PPF) and some wider points made during the oral evidence session on Wednesday 8 June.

1. As set out in previous correspondence, the PPF was not actively involved in the Project Thor discussions in 2014 and 2015. During this period, we didn't receive a fully-formed restructuring proposal, and discussions didn't reach the stage where we were engaged to offer a view. Given this, please note that we were not present at the meeting at Marylebone House referred to by Mr Chappell (Q1642). Furthermore, at the meetings the PPF did attend in 2016 (as set out in our letter dated 7 June), we never had any external advisors, and no more than two PPF representatives were present at any given meeting (see points in Q1222).

2. Some witnesses, including in this session, have offered views as to the reasons a restructuring agreement was not able to be reached. Any restructuring proposal entails a sponsoring employer effectively asking to be relieved from honouring in full its past promises to members. Hence, given the need to prevent and deter any attempt by an employer at 'pensions dumping', and therefore protect all defined benefit pension scheme members (including BHS members), we apply our strict principles to assess each proposal.

As far as the PPF was involved with restructuring discussions in 2016, the formal proposals we saw fell well short of meeting our principles and were not acceptable to us. What was being offered was, in our assessment, unrealistic to the quantum of the schemes' actual funding deficit, and did not represent a significantly better outcome for the pension scheme than in the event of insolvency. Furthermore, when we did receive a formal offer we communicated our views promptly and clearly to the company. As noted in previous correspondence, where a restructuring offer both meets our principles, and is acceptable to the Pensions Regulator (TPR), we can reach an agreement in principle within a short timeframe, and indeed have done so in complex cases in the past.
I trust the above is helpful. Please do not hesitate to contact me or my colleagues if I can be of any further assistance.

Yours sincerely,

David Taylor  
*General Counsel*

CC: Iain Wright MP, Chairman of the Business, Innovation and Skills Select Committee