Dear Mr Field

**Debenhams**

Thank you for your letter of 27 February regarding Debenhams, our involvement with the pensions schemes/trustees and, our discussions about the future of the schemes.

Debenhams has two pension schemes and, following profit warnings issued by the company in June 2018, we have been working more closely with the trustees and continue to do so to ensure the best possible outcome for all pension members.

Our work has focused on three key areas;
- ensuring the trustees were well advised from a legal, financial and restructuring perspective
- closer monitoring of the employer covenant (and highlighting the importance of access to the information required to do so)
- supporting the trustees in robust and ongoing negotiations with the employer and other key stakeholders.

Given the profit warnings and the potential for unauthorised advisers to target scheme members, we provided the trustees with a template letter in September 2018 to send to members, using our joint protocol with the FCA and TPAS. The letter warned members of the risks of transferring their savings out of a DB scheme and into a DC arrangement. These template letters can be adapted to meet the needs of individual schemes, and we encouraged the trustees to make full use of digital communications rather than using hard copy as a default.

We have also worked with the trustees to ensure that they have the assistance of professional advisers with the right experience and skills to help them deal with this kind of situation. We are satisfied that the trustees now have the support and advice that they need.

Since the beginning of the year we have engaged actively with the company’s advisers and we are in frequent and ongoing contact with the trustees and their advisers, as well as working collaboratively with the Pension Protection Fund (PPF) in a highly fluid situation which continues to evolve.
In our discussions with the company, trustees and their advisers on the restructuring and refinancing we have emphasised the importance of the pension scheme and their advisers being kept up to date with relevant information on all strands of the plans going forward. As the negotiations advance, the focus is on ensuring appropriate mitigations are in place for the schemes and that the trustees are negotiating robustly in the course of any restructuring and refinancing discussions.

The Committee will appreciate that this is a very fluid situation which is commercially confidential and price-sensitive. It would therefore not be appropriate to comment in detail on the negotiations while they are in train. Our engagement has ensured that the scheme’s position is now better protected against the range of possible outcomes which could occur as negotiations continue between the numerous financial stakeholders seeking a solution for the challenging trading-related issues this business is facing.

I hope that this information is useful to the Committee.

Yours sincerely

Nicola Parish
Executive Director of Frontline Regulation