Dear Mr Field

Arcadia Pension Schemes

Thank you for your letter of 14 March requesting an update on our engagement with the Arcadia pension schemes, and whether any action has been taken by us in relation to these schemes. I have been asked to reply on behalf of the Chairman, Mark Boyle, as this is an operational issue which comes under my area of responsibility.

As regards your specific questions:

What engagement The Pensions Regulator has had with the scheme since your last letter?

We have been in contact with the trustees of the schemes as well as with their advisers, including both face to face meetings and phone calls. The trustees and their advisers have been fully engaged and co-operative and have provided necessary information at key times in order to keep us fully informed of the circumstances of the schemes.

Our engagement with the schemes has also included a tri-partite meeting with the trustees and with representatives from the company, during which the company’s position was discussed.

The effective date of the pension schemes’ next valuations is 31 March 2019 and our interaction will continue and will include dialogue with both the trustees and employer group in relation to those valuations and related recovery plans. Where we feel it is important to do so we encourage schemes to engage with us ahead of their valuations being finalised and submitted. This allows for open dialogue between scheme employers, scheme trustees and The Pensions Regulator (TPR) in order that we can identify and address any potential issues or concerns prior to the valuation being finalised rather than our scrutiny being applied after submission. We routinely maintain interest in the group’s current trading position and its trading outlook as those are likely to have a material impact on these discussions, in the context of the well recognised difficulties currently faced by many high street retailers.

As you will be aware, we are unable to share specific information with the Committee about the pension schemes’ forthcoming triennial valuations and recovery plans as this is restricted information under section 82 of the Pensions Act 2004.
Has any action been taken since our last correspondence on the matter?

As detailed above we are in regular contact with the trustees of the schemes and remain alert to changes in the company’s circumstances which will inform our ongoing discussions with the trustees.

We have a range of horizon-scanning and intelligence-gathering tools and we do contact the trustees about market reports when we think it is appropriate to do so.

You will be aware from the recent publication of our Annual Funding Statement that we have made clear our broader expectations for DB schemes planning their long-term strategy and this informs the ongoing conversations we are having with the trustees.

For example, should dividends and other shareholder distributions exceed deficit reduction contributions (DRCs), TPR would expect a strong funding target and recovery plans to be short. If the employer were to be recognised as weak and unable to support the scheme, TPR would expect the payment of shareholder distributions to have ceased. More information is available at:


We will continue to work to best protect the member benefits in these schemes in conjunction with the trustees and their respective advisers.

I hope this information is helpful to the committee.

Yours sincerely

Nicola Parish
Executive Director of Frontline Regulation