

# The Pensions Regulator

Rt Hon Frank Field MP  
Chair of Work & Pensions Select Committee  
House of Commons  
London  
SW1A 0AA

9 March 2017

Dear Mr Field,

Thank you for your letter of 6 March regarding the sale of General Motors' European operations, including Vauxhall, to the PSA Group. I appreciate that this is a matter of significant interest to the Work & Pensions Select Committee, as well as the wider public, and I am happy to take this opportunity to provide more information on the extent of our involvement.

In answer to the questions in your letter:

**1. Whether TPR has any active ongoing involvement in GM UK pension schemes**

We have previously engaged proactively with the trustees of the Vauxhall Motors Limited Pension Plan, the IBC Vehicles Pension Plan and the Vauxhall and Associated Companies Pension Fund in respect of their triennial actuarial valuations in 2014. Our engagement with the trustees and employers of these schemes lasted for the entire duration of their consideration of these valuations, up to and including submission of the recovery plans and associated documentation to the Regulator.

The Vauxhall Motors Limited Pension Plan and The IBC Vehicles Pension Plan had been selected for proactive engagement in respect of their 2017 valuations, which are currently underway. Our first contact with the chairs of trustees of these schemes in respect of their ongoing valuations was made on 20 January 2017.

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## **2. Whether TPR was informed of the impending sale and its implications for the pension schemes**

TPR became aware of discussions surrounding a potential sale when this information entered the public domain. Whilst no clearance application has yet been sought, we wanted to understand the potential implications for the employer covenants which support these schemes and how the trustees were responding to news of the potential sale. We therefore engaged with the schemes' trustees and GM (UK) in this regard as soon as we became aware of the potential sale and continue to be so engaged.

Following the announcement of terms being agreed for the sale, we have also engaged with GM (US) and are meeting with them further this week to understand more about their intentions. These discussions will focus particularly on exploring those businesses which will be providing support to the schemes following the sale in order to satisfy ourselves of the adequacy of those arrangements. Once we have clarity over those arrangements, we also wish to understand whether they will be submitting clearance applications under our current voluntary process and will be explaining the benefits to them of doing so.

## **3. What involvement, if any, TPR has had in negotiations surrounding the sale**

As indicated above, TPR has engaged with the trustees, GM (UK) and GM (US) to understand the proposed transaction. However, to date, we have not been involved in active negotiations surrounding the sale and no voluntary clearance application has yet been sought in respect of the transaction. We do not yet have a view as to whether our anti-avoidance powers may be engaged, but we continue to work to establish the extent to which, if any, this may be relevant.

## **4. Whether TPR is satisfied that the terms of the sale are of no material detriment to the pension schemes or, if so, what steps we intend to take to establish whether that is the case**

We are pleased to note from the announcements of the sale that GM (US) plans to take over responsibility for the schemes. Our engagement with them is focused on understanding which entity will take on this liability, the strength of the ongoing employer covenant, and consequently what the implications for the schemes are, in order to ensure the members of the pension schemes are properly protected.

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I hope this letter has clarified our role in respect of these schemes and this transaction but if you have any further questions, please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Lesley Titcomb". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**Lesley Titcomb**  
Chief Executive