I have already submitted evidence to the Committee in respect of my experience of working for BHS in the 1980s, but I trust it will be in order to submit this supplementary evidence.

Members of the Committee may be aware that I have started a campaign urging Philip Green and his family to repay monies to the BHS pension scheme, to protect the pensions of both existing and former staff.

According to a report in the Financial Times a couple of weeks ago, there is a belief that Green is going to come back to the Committee with a scheme which will protect the pensions of former senior executives of BHS, whose pensions would be above the cap of around £32,000 set by the Pensions Protection Scheme. However the same report suggested that rank and file staff of BHS would be encouraged to accept a one-off payment, instead of a steady retirement income.

It is understood that about 230 people would get more generous benefits than the PPF would allow, whilst the remaining 20,000 or so pensioners would receive much less valuable benefits. The main BHS staff scheme pays about £2,800 for every pensioner in a typical year, (whilst the senior executives’ scheme currently pays out about £57,000 per retired member).

I am one of the individuals who receives very close to the average of £2,800 as my pension from BHS. I would not want to be offered a lump sum instead – I would want to continue to receive my pension, and would hope that a solution can be found that will allow me to receive cost of living increases in the future (which will not be the case through the PPF, as all my pension was earned prior to 1997). I would also hope that such a solution would ensure that those current and former BHS staff who have not yet reached pensionable age will receive their full pension, rather than the 90% that would be provided by the PPF.

The main disadvantage of receiving a lump sum is the difficulty of investing it to produce an adequate income. Annuity rates have been low for some time, and have fallen further due to Brexit. The Governor of the Bank of England has indicated that interest rates may have to be reduced further. Lump sums therefore are much less attractive in the long term than a guaranteed pension. There is also concern that individuals without much financial experience might simply be tempted to spend the lump sum on receipt, thus depriving themselves of future income once they are retired.

I would contend that the senior executives of BHS have had greater opportunity and potential to save towards their retirement than those who are or were paid around the living wage. If Green wants to give former senior executives preferential treatment, whilst simply trying to pay off ordinary staff, then he is damaging further the situation of those who are most vulnerable due to the demise of BHS.

I felt it was important that I should provide you with not only my own views, but also those of staff still working in BHS, and I have talked to a number of them recently, in several different stores. Up until yesterday (4th July), those that I spoke to were vehemently opposed to the idea of a lump sum instead of a pension. Yesterday however I found staff more reticent, and then I was asked by a member of management not to come in to that branch and speak to the staff any more, as they had received strict instructions not to discuss their situations with anyone. Former colleagues with whom I am in touch are strongly opposed to the idea of a lump sum.
I believe that Green is due to appear before the Committee again later this month, and I hope that it will be clear to him that any plan he has developed which provides benefits at a lower level than the PPF is not acceptable. Green may think that this is “the correct way”, but it is not good enough. The optimum solution would be an injection of funds from Green and his family into the Pension Scheme to allow it to pay out full benefits that those of us who have worked, and those still working for BHS, have a right to expect.

Finally, members of the Committee may be interested to know that a former colleague from my time in BHS, who still works for the company told me that they found Green’s memory problems during his initial appearance in front of the Committee quite astounding, as their experience of him is that he has phenomenal recall, and during his years in charge of BHS was well known as being able to remember all of the lines that the stores stocked.

Lin Macmillan, former member of BHS staff, and BHS pensioner

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