

**PRESS RELEASE**

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**Wedgwood Museum Trust Limited (in Administration)- High Court Judgment on the Status of the Museum Collection**

The High Court has published its decision in the action brought by the administrators of Wedgwood Museum Trust Limited to determine the future of the Wedgwood Museum's collection. The Court decided that the collection is not held on trust by the Museum and so it is available for distribution to the Museum's creditors.

The action was brought following the Museum entering administration in April 2010. Its insolvency came after the trustees of the Wedgwood Group Pension Plan were required to serve a claim on the Museum for the £134m deficit in the Pension Plan. This deficit became the Museum's responsibility following the earlier insolvencies of the other Wedgwood group companies, leaving the pension trustees with no option but to claim this amount from the Museum as required by legislation.

The legal position of the collection was uncertain from the documentation and evidence available and therefore the administrators asked the court to decide whether the collection was part of the Museum's assets and available for distribution to the Museum's creditors as part of the insolvency process. As the Museum's largest creditor, the pension trustees were required to put to the court the case that the collection was available for distribution to creditors. This was in line with the trustees' legal duty to maximise the assets available to the Plan and to comply with a legally binding direction issued by the Pension Protection Fund.

Following a three day hearing in September 2011, the Court has decided that the collection does form part of the Museum's assets and can therefore be sold to help pay the creditors of the Museum. The two main creditors are understood to be the National Heritage Memorial Fund and the pension plan.

Now that the court has confirmed the position, the administrators of the Museum will consider the most appropriate method of dealing with the collection to ensure that the maximum value is recovered for the benefit of the creditors.

The pension trustees would like to highlight that they were under a legal obligation to seek to clarify the ownership of the Museum collection. Whilst it is regrettable that the Museum did not take the appropriate action to separate the collection itself from the Museum's liabilities to the pension plan, the pension trustees are pleased that the ownership of the collection has been clarified.

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Given the size of the deficit of the Plan, unless very substantial sums are recovered from the Museum's collection or other sources, it is likely that the Plan will move towards transferring to the Pension Protection Fund so that Plan members can benefit from the compensation it provides. Without the steps which the Plan trustees have taken in relation to the Museum, members would probably not qualify for this compensation and would see even bigger reductions to their pension benefits.

## NOTES

1. The Wedgwood Group Pension Plan has around 7,500 members, of which 3,500 are in receipt of a pension.
2. The Pension Plan's claim against the Museum is imposed by Section 75 of the Pensions Act 1995.
3. The Pension Protection Fund provides compensation to members of defined benefit pension schemes where the scheme's employer goes into insolvency and the pension scheme does not have enough money to provide benefits above the level of compensation offered by the Pension Protection Fund. Under the strict entry requirements imposed by legislation, the Museum had either to pay its debt to the Pension Plan or go into insolvency before the Pension Protection Fund would consider accepting the Pension Plan.

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