

The Pensions Regulator

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Rt Hon Frank Field MP
Chair Work and Pensions Committee
Rachel Reeves MP
Chair Business, Energy and Industrial Strategy Committee
House of Commons
London
SW1A 0AA

11 June 2018

Dear Mr Field and Ms Reeves

Anti-avoidance investigation into Carillion

As he mentioned in his letter to you of 8 June, our Chairman Mark Boyle, has asked me to write to you with an update on our anti-avoidance investigation into Carillion.

We launched an investigation to determine if there is reason for us to use our anti-avoidance powers. The first stage is for us to review the information arising from the insolvency in order to determine whether there are any aspects which could constitute avoidance and which warrant further investigation. We are working alongside a number of other agencies who are conducting their own investigations. At this point we are not able to confirm when our investigations will be concluded.

We have two powers which may be relevant in a situation where avoidance may have concurred: a contribution notice and/or a financial support direction. We have already concluded that the issue of a financial support direction is not appropriate in this case. We are therefore investigating whether there is information that suggests we should use our power to issue a contribution notice (CN), which can be used against individuals.

Respondents to CNs are required to pay cash to a scheme or, in some circumstances, to the Pensions Protection Fund (PPF). To issue a CN we must consider that the target was party to an act, or failure to act where one of the main purposes of the act or failure was either to:

- prevent the recovery of all or part of a debt due to the scheme under section 75 of the Pensions Act 1995
- prevent such a debt from becoming due, or reduce or compromise that debt;

or where we consider that the act or failure has detrimentally affected in a material way the chance of accrued scheme benefits being received by or in respect of members.

The legislation also requires us to consider that it is reasonable for the target to pay the sum stated in the CN

I hope this is helpful to your joint committee. We will update you on future progress..

Yours sincerely

A handwritten signature in black ink, appearing to read "Lesley Titcomb". The signature is written in a cursive style with a long horizontal stroke at the end.

Lesley Titcomb
Chief Executive