From the Chair

Lesley Titcomb, Chief Executive
The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Dear Lesley

TPR investigation into Carillion

Thank you for your letter on 11 June providing an update on TPR’s investigation into Carillion.¹ It is welcome news to see that you are looking at your powers to issue a contribution notice against individual directors.

Whilst we still do not know at this stage how much the Pension Protection Fund will receive as a result of the liquidation, initial estimates suggest it will be a paltry amount. The National Audit Office have suggested that as little as £44 million will be available to distribute to creditors, with the PPF receiving a share of that amount.² Ernst & Young, commissioned by Carillion to model recoveries in the eventuality of a liquidation back in December 2017, suggested the PPF could get as little as £12.6 million.

By contrast, our analysis of Carillion’s annual accounts suggests that over the past decade, Carillion’s six main directors pocketed nearly £17 million in total pay. Whilst such amounts will not go far in offsetting the largest bill the PPF have ever picked up, estimated at £800 million, it is surely the case that these directors have benefitted disproportionately at the expense of the pension schemes they should have been funding. I hope that you will consider this when considering the appropriate level of any contribution notices issued against these directors.

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<th></th>
<th>Richard Adam</th>
<th>Richard Howson</th>
<th>Philip Green</th>
<th>Keith Cochrane</th>
<th>Alison Horner</th>
<th>Andrew Dougal</th>
<th>Total</th>
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<tbody>
<tr>
<td><strong>Total Pay³</strong></td>
<td>£8,302,000</td>
<td>£7,209,000</td>
<td>£709,000</td>
<td>£89,000</td>
<td>£182,000</td>
<td>£316,000</td>
<td>£16,807,000</td>
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<td><strong>2007-16</strong></td>
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¹ Letter from TPR to the Chairs, 11 June 2018
² National Audit Office, Investigation into the government’s handling of the collapse of Carillion, p49
³ Total pay includes all salary, benefits, bonuses and pension pay
Best wishes

Rt Hon Frank Field MP
Chair