Dear Mr Field and Ms Reeves

Thank you for your letter of May 22.

We welcome the acknowledgement in the Joint Committee’s recent report into the collapse of Carillion that The Pensions Regulator (TPR) is prioritising more proactive intervention in defined benefit (DB) schemes. As we set out in our written evidence¹ to the Work and Pensions Committee’s inquiry on the DB White Paper, TPR is a very different organisation from five years ago – we are clearer, quicker and tougher in our approach and we are implementing an ambitious programme that is transforming the culture of the organisation with our TPR Future programme. As per your invitation, TPR will provide a written response to the Carillion report by July 4.

Turning to your question on whether the key performance indicators (KPIs) in our latest Corporate Plan 2018-21 should have been more stretching, TPR set out new, more ambitious targets in our DB KPIs last year and maintained the same stretching targets in our latest Corporate Plan. We agree that it is important to set stretching targets year on year, but we also need to take account of the speed and degree of change that the organisation is already absorbing. Under TPR Future we have completed a wholesale review of how we regulate and we are implementing a new regulatory model using a wider range of communications, oversight and enforcement tools, ranging from directive campaigns to address risks and change behaviours to dedicated supervision of certain schemes.

We are piloting, testing and refining different approaches, which will be incorporated into our oversight of DB, defined contribution, master trusts and public service schemes over the next 18 months. As we roll out our new approach, we need to learn what works, consolidate these gains, and make adjustments where we can improve. TPR Future will create more efficient and effective ways of working and better ways of measuring our performance, which we expect to see reflected in the KPIs we set under future corporate plans.

With regards your questions about how the Chief Executive’s performance is evaluated, and the appointment process, Lesley Titcomb’s performance is reviewed against TPR’s priorities, as set out in the Corporate Plan, and against her personal objectives, agreed with me and reviewed by the Board’s Remuneration Committee (Remco) at the start of the year. I conduct the performance review on behalf of the Board, after soliciting input from a wide range of colleagues, and this is then reviewed by Remco and formally recorded there. Remco’s responsibilities also include the determination of the Chief Executive’s overall contractual remuneration package, which must be approved by the Secretary of State.

As you know, at the end of May the TPR Board announced Lesley’s decision to leave TPR at the end of her four-year contract in February 2019. In terms of next steps, the appointment is covered by statutory requirements set out in the Pensions Act 2004, supplemented by the DWP/TPR Framework Document. TPR will seek approval from DWP to begin the recruitment of a new Chief Executive. The Chief Executive is appointed by the Board, with the approval of the Secretary of State, in line with the Governance Code on Public Appointments. We share the Joint Committee’s wish to recruit a successor with the mettle to see through the ambitious programme of cultural change begun under Lesley’s tenure, with the support of TPR’s staff, Executive Committee and Board members.

In respect of your request for an update on the status of TPR’s anti-avoidance investigation into Carillion, I have asked Lesley Titcomb to write to you as this is an operational matter.

Yours sincerely
Mark Boyle

Chairman
The Pensions Regulator