



# Work and Pensions Committee

## Business, Energy and Industrial Strategy Committee

House of Commons, London, SW1A 0AA

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From the Chairs

Mark Boyle, Non-Executive Chair  
The Pensions Regulator  
Trafalgar Place  
Brighton  
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22 May 2018

Dear Mark,

### Carillion

The Work and Pensions and Business, Energy and Industrial Strategy Committees released our joint report into Carillion on Wednesday 16 May. We would like to thank you for the Pensions Regulator's evidence and wider cooperation with the inquiry.

The report acknowledged that TPR has prioritised more proactive regulatory work and has set corporate performance indicators regarding quicker intervention in DB schemes that are underfunded or where avoidance is suspected. We were disappointed, however, that in your latest corporate plan, released on 11 May, the target KPIs for DB regulation appear very modest in scope.<sup>1</sup> As shown in the table below, all the KPI targets remain unchanged from 2017-18. Should the Regulator not be pushing for more stretching targets?

Defined benefit KPIs 2017/18	2017/18 target	Defined benefit KPIs 2018/19	2018/19 target
2.1 The proportion of assessed DB scheme risk we have engaged with during the last three years	70%	4.1 The proportion of assessed DB scheme risk we have engaged with during the last three years.	70%
2.2 Percentage of scheme funding valuations where we open a case where, within nine months of valuation submission date, we have closed the case or opened a formal investigation into use of powers	80%	4.2 Percentage of scheme funding valuations where we opened an investigation and, within nine months of the valuation submission date, we have either determined that no further action is required, or we have formalised our view on the use of our powers.	80%
2.3 Increase the number of schemes we proactively engage with ahead of formal valuation	90% increase	4.3 We will maintain the significantly increased level of proactive casework ahead of formal valuation that we achieved in 2017-18.	Increased level maintained

<sup>1</sup> TPR, [Corporate Plan 2018-2021](#)

2.4 In DB enforcement cases, there are a greater number of the following outcomes during 2017-18 than in 2016-17; Warning notices issued, cases referred to the Determinations Panel or court and settled cases where we issue a s89 report	25% increase in enforcement cases	4.4 In DB enforcement cases, we will achieve the same number of the following outcomes during 2018-19 as we did in 2017-18; warning notices, judgments at the Determinations Panel, Upper Tribunal or other court and settlement.	Increased level maintained
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The report also concluded that whilst there is a desperate need for the Regulator to be quicker, bolder and more proactive, this will require substantial cultural change in an organisation where a tentative and apologetic approach is ingrained. We are far from convinced that TPR's current leadership is equipped to effect that change.

We are aware that Lesley Titcomb's role as Chief Executive will be up for renewal in March 2019, and any appointment or reappointment will need to be approved by the Secretary of State. In evidence to us, the current Secretary of State confirmed her desire to see a Regulator that is "tougher, clearer, quicker".<sup>2</sup> Could you set out to us how the Board intends to evaluate the performance of the current Chief Executive before March 2019, and what the criteria will be for appointing or reappointing the next Chief Executive?

Our report noted that previous large corporate collapses have led to promises of action from Government and regulators that have then failed to materialise quickly. We are keen to ensure that our Committees' findings are acted on with greater urgency this time. There is also considerable public interest in swift accountability for those responsible for the company's collapse. We would therefore be grateful if you could update us on the status of your anti-avoidance investigation into Carillion's directors and set out a timetable for each, including when you expect to report.

We also invite TPR to comment on the other conclusions and recommendations in the report that are relevant to you. We have invited the other bodies and individuals we criticised to do the same, and we intend to invite the Committees to agree to publish those responses in full in a Special Report before the House rises for the summer recess. We therefore request your response by Wednesday 4 July.

Best wishes and we look forward to hearing from you,



**Rt Hon Frank Field MP**  
Chair, Work and Pensions Committee



**Rachel Reeves MP**  
Chair, Business, Energy and Industrial Strategy Committee

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<sup>2</sup> [Q1304](#)