



Work and Pensions Committee

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From the Chair

26 February 2018

Lesley Titcomb
Chief Executive
The Pensions Regulator
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Dear Lesley Titcomb

Carillion scheme recovery plans

Thank you for the evidence you gave to the Committees on 22 February and the subsequent letter offering some clarifications on your approach to recovery plans. In response to that letter could I check the following:

1. The letter states TPR “would be concerned if our regulatory approach was perceived as focussed too heavily on the length of the recovery plan, if this encouraged trustees and employers to target a lower funding objective.” Schemes are required to meet the statutory funding objective and if they are not meeting that objective put a recovery plan in place. In what circumstances could a longer plan allow the trustees and employers to target a lower funding objective?
2. The letter reports that Carillion’s pension deficits would be repaired through 12 years of payments. The relevant Carillion scheme accounts, all published on our website, show that for both the 2011 and 2013 valuations, Carillion was due to make repair contributions from 2014 through to 2029, a 16-year recovery period.¹ Can you clarify where your figure of 12 years comes from?

Additionally, following on from the evidence session, could you provide the Committee with information about the following:

3. How many times you have used your s231 powers, when they were used and what were the circumstances for using them?
4. How many times have you used your s71 powers, which allows the Regulator to obtain a skilled person report on a scheme valuation and recovery plan?

¹ For example, see page 38 of [Carillion staff scheme annual report and accounts 2014](#)

When were these powers used and what were the circumstances for using them?

5. How many times have you issued s231 warning notices, when they were issued and what were the circumstances for issuing them?
6. How many times did you threaten Carillion with use of your s231 powers in relation to the 2008 and 2011 valuations?
7. As part of the 200 valuations that you are currently proactively engaging with, how often have you threatened use of your s231 powers?
8. What proportion of scheme valuations in each of the previous 10 years have not been agreed within the 15-month timescale allowed? Carillion was assessed by the Regulator as having a “tending to strong” covenant, the second highest rating available. Could you tell us how many schemes in the last ten years with that rating have failed to agree a valuation within the 15-month timescale?

Best wishes and I look forward to hearing from you,

Rt Hon Frank Field MP
Chair