



Department for
Business, Energy
& Industrial Strategy

Lord Callanan
Minister for Business, Energy and
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Dear Kevin,

Thank you for your letter dated 26 October, regarding the insolvency of Silentnight and the subsequent fines imposed on KPMG. You have raised a query regarding the treatment of those fines. You have also asked the Government to support the recommendations of the All-Party Parliamentary Group (APPG) for Fair Business Banking's September 2021 report, "Resolving insolvency: restoring confidence in the system".

The Financial Reporting Council (FRC) undertook the investigation into Silentnight under its accountancy scheme, which was launched in 2015. Under the terms of that scheme the fines and costs recovered must be paid to the relevant chartered accountancy body. In this case, as you have noted, they were paid to the Institute for Chartered Accountants in England and Wales (ICAEW). For statutory audit investigations since 2016 the accountancy scheme has not applied, and fines are now paid into HM Treasury's consolidated fund.

You have asked that ICAEW be pressed to pass on the fines to the Pension Protection Fund. The accountancy scheme applies under a private arrangement between the FRC and all the UK's chartered accountancy bodies, which also includes the obligation for the relevant chartered accountancy body to fund the relevant investigation. As such, any use of the income from fines by an accountancy body for the benefit of certain groups that have suffered losses as a result of an insolvency would also be the subject of a private arrangement by or with the relevant body. The Government is unable to have that money redirected for other purposes.

The Government is grateful for the work carried out by the APPG on its review of regulation of the insolvency profession and is considering the report and its recommendations with interest. Insolvency Practitioners perform vital work to support the economy through rescuing struggling businesses, saving jobs, and administering insolvency cases. However, the Government recognises that a robust regulatory framework is important to build confidence for businesses that the insolvency regime works effectively. The Government has previously sought views from a range of stakeholders on the regulation of the insolvency profession and will shortly publish proposals for reform for public consultation.

Thank you for writing to highlight these matters. I trust this information will be helpful.

A handwritten signature in blue ink, appearing to read "Martin Callanan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Lord Callanan