Pensions Insight

See you later, Regulator

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Laura MacPhee analyses reactions to Bill Galvin's unexpected departure from the Pensions Regulator to head the USS

Few career moves have the power to shock an industry, but Bill Galvin has done just that. This morning The Pensions Regulator revealed its chief executive was stepping down to take over as group chief executive of the Universities Superannuation Scheme.

The timing of his departure has raised a few eyebrows. "Here we are, slap bang in the middle of the introduction of auto-enrolment, and he leaves them in the lurch," says Jennie Kreser, a partner at law firm Silverman Sherliker.

His contract was due to end on 16 January 2014, and he appears to have given the minimum three months' notice. He now plans to leave in June and take up his new role in August.

"This is obviously his next career move, and I imagine they're paying him very handsomely to go and do it," says Simon Kew, director of pensions at insolvency consultancy Jackal Advisory.

Financial incentives would certainly be a compelling reason for such a change, particularly since Galvin is walking away from a generous salary and civil service pension at the Regulator.

Pensions Management Institute chief executive Vince Linnane thinks it was as good a time as any for Galvin to go, since "his reputation in the industry is pretty high" and auto-enrolment has not as yet "encountered any major buffers".

Marcus Fink, a pensions partner at law firm Ashurst agrees: with auto-enrolment now up and running, Galvin can leave without feeling too guilty. Galvin has also been more forceful about issuing financial support directions and Fink says these powers are set to develop "along a similar trajectory".

The question of a successor is already dividing opinion. "With more and more being thrown on the Pensions Regulator they need industry people," says Kreser. "They need people who understand how pensions work".

She thinks Malcolm McLean would make a "fantastic candidate" who "knows the industry backwards, forwards and sideways". She also suggests Steve Bee, although doubts whether he would want the job.

Kew takes the opposite view, saying "the last thing we need is an industry person" who may wish to protect the industry at a time when it "needs shaking up".

He believes Stephen Soper is the man for the job since he already knows how TPR and the Department for Work and Pensions work and is "effectively chief executive for DB". According to TPR's 2012 annual report, Soper's contract would run out in April 2013, which could explain Galvin's unusual timing.

Linnane guesses the government will seek to appoint someone with similar characteristics to Galvin – "someone who listens as well as he speaks and is probably not looking to rock the boat".

Kreser says it may be that "in the short term things will carry on regardless", unless the Regulator brings in an interim chief executive. She fears that could have a destabilising effect since interim chief executives are often "not interested in long term progress".

But as Fink points out, "it's certainly not a one man show". A change in personnel won't change the Regulator's statutory objectives, but we could see more subtle cultural shifts.

Either way, the industry will be watching with baited breath – once it recovers from the shock.