



Craig Whittaker MP

CALDER VALLEY

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Carillion

Thank you for contacting me about Carillion.

Government Whips, of whom I am one, do not, by convention, sign any Early Day Motions, as doing so is likely to breach the Ministerial Code's rules on collective responsibility. However, this urgent issue raises many ramifications and ongoing issues. The Government's responses are set out below.

Throughout this unfolding situation the Government has prioritised the continued delivery of public services. Ministers have begun to implement the contingency plans drawn up by departments, local authorities and other public bodies since July 2017.

I am pleased that there has been no significant disruption to service delivery in schools, hospitals, prisons, defence and other public services. A number of Carillion's partners have already committed to taking over public sector contracts to ensure continuity of these vital services. Public sector construction sites have been secured and construction will begin following the appointment of a new contractor.

Understandably, this will be a very difficult time for those who have been made redundant and their families. As with almost all insolvencies, there are unfortunately a number of redundancies, and government stands ready to support those affected through JobCentre Plus' Rapid Response Service. We continue to work hard to minimise the impacts of insolvency.

Following meetings with the Business Department the UK's leading banks have made public commitments to SMEs in Carillion's supply chain and have made a fund of nearly £1 billion of support available. The British Business Bank has also made available support of up to £100 million of lending to small businesses who may not have the security otherwise needed for conventional bank lending.

HM Revenue and Customs is providing practical and sympathetic advice on the best way forward to affected businesses in Carillion's supply chain through its Business Payment Support Service (BPSS) and supporting affected families with cash support through the tax credit system. Details can be found at the following link:

<https://www.gov.uk/government/news/practicalsupport-for-businesses-affected-by-carillion-liquidation>.

I know this is a difficult and worrying time. In relation to support for individual employees or self-employed subcontractors, UK Finance has confirmed there will be support for personal banking customers concerned about overdraft, mortgage or credit card repayments, as well as further financial support for small businesses to provide short-term relief.

The Official Receiver has taken immediate action to stop severance and bonus payments to former Directors. The Business Secretary has also requested that the Official Receiver's statutory investigation into the conduct of Carillion's directors is fast-tracked and extended in scope to include previous directors. He has also asked the Financial Reporting Council to conduct an investigation into the preparation of Carillion's accounts past and present, as well as the company's auditors. It is right that these investigations are allowed to reach their conclusions.

The Government's approach to awarding and overseeing public contracts will always be to put the quality and delivery of public services first and to ensure the right balance and partnership between public, voluntary and private involvement through fair and open processes. By doing this we will protect taxpayers' money and help improve frontline services.

The Pension Protection Fund provides compensation to the members of defined benefit schemes whose sponsoring employer becomes insolvent. However there are numerous schemes and so the position is complicated.

The Pensions Advisory Service (TPAS) has established a dedicated Carillion line - 0207 630 2715. TPAS will be able to discuss general enquiries members have about their pensions, but not questions about members' specific circumstances.

Since profit warnings were first issued in July, the Government closely monitored the situation and was in regular discussions with Carillion while it sought to refinance its business. The majority of the small number of contracts awarded after the company's July profit warning were joint ventures, in which the other companies are now contractually bound to take on Carillion's share of the work.

The Government will support the official receiver to provide public services until a suitable alternative is found, either through another contractor or through in-house provision. The court appointment of the official receiver will allow the Government to protect public services, something that would not have been possible under a normal liquidation process.

The official receiver is under a statutory duty to investigate the cause of failure of Carillion. They will report any potential misconduct of the directors and the Secretary of State for Business, Energy and Industrial Strategy has already asked that the investigation look not only at the conduct of the directors at the point of the company's insolvency but also at that of any previous directors, to determine whether their actions might have caused detriment to the company's creditors. That includes detriment to any employees who are owed money. The investigation will also consider whether any action by directors has caused detriment to the pension schemes.

PricewaterhouseCoopers (PwC) have been appointed as the official receiver. PwC's priority, as the official receiver, is to ensure the continuity of public services while securing the best outcome for creditors. Unless they are told otherwise, all employees, agents and subcontractors are being asked to continue to work as normal and they will be paid for the work they do during the liquidations. As a result of the liquidation appointments, it is regrettably that there is no prospect of any return to shareholders.

Finally, I would like to reassure you of the Government's commitment to safeguarding the delivery of public services and supporting those affected by this ongoing situation.

Thank you again for taking the time to contact me.

Kind regards,

A handwritten signature in black ink, appearing to read 'Craig Whittaker', with a small 'n' at the end of the name.

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