Dear Meg,

Carillion

During the Committee's evidence session on 15 January, you asked me to write with further detail on the Department's development of contingency plans regarding Carillion.

Since profit warnings were first issued last July, the Government has been closely monitoring the situation and had been in constructive discussion with Carillion while it sought to refinance its business. We remained hopeful that a solution could be found while putting robust contingency plans in place to prepare for every eventuality. It is of course disappointing that Carillion has become insolvent, but our primary responsibility has always been to keep our essential public services running safely.

The Department for Education has been working closely with Cabinet Office since July to monitor the situation. More detailed planning commenced in early autumn, and increased over the period leading up to the compulsory liquidation, to ensure local authorities, schools and the department were prepared.

Our priority has been to ensure that schools can continue to operate as usual. Government is supporting the Official Receiver, so that services to schools and other public services can continue to be delivered. This means that Carillion staff should continue to deliver services to schools, until alternative arrangements are put in place.

Local authorities and academy trusts are responsible for their own contracts. We have worked with local authorities and academy trusts to make sure they have contingency plans in place and that these are being actioned, where required. To date, all schools have remained open and no significant issues have been reported.

For apprentices and other learners, the Education and Skills Funding Agency (ESFA) has a robust and well embedded Provider Change Process. We are
committed to supporting learners in these circumstances to secure alternative provision, enabling them to complete their apprenticeship programme or other learning.

Following the announcement on 15 January, regarding the compulsory liquidation of Carillion, the ESFA implemented plans to support learners continue to gain the skills they need. Apprentices will transfer to the Construction Industry Training Board (CITB), which has been identified as the best placed alternative provider.

There has been significant progress since the announcement. The CITB are proactively working with their established network of college partners and existing employer contacts in the sector to support all affected apprentices and other learners to complete their learning programmes. CITB have reported that numerous employers have responded positively with offers of support.

We are continuing to monitor developments and provide support where it is needed to help minimise any disruption.

__________________________
JONATHAN SLATER
PERMANENT SECRETARY