8 February 2018

Dear Chris,

I would be grateful if you could provide the Committee with a memorandum on the effect on transport of the collapse of Carillion. I would like the memorandum to address the following questions:

Q1 What issues arise for the Department from the collapse of Carillion?

Q2 What steps the Department takes to monitor and manage risk associated with its largest suppliers, and does it have effective failure regimes in place?

Q3 What steps the Department has taken to:
   a. obtain information from its agencies and NDPBs about their exposure to strategic suppliers;
   b. understand the Department’s cumulative exposure to a supplier; and
   c. test the adequacy of the contingency arrangements being put in place by its agencies and NDPBs?

Q4 What information the Department shared with the Cabinet Office and GCS about its exposure to key strategic suppliers? And what steps contracting authorities have taken to ensure they were not over-exposed to a single supplier or a high-risk supplier?
Q5 What steps the Department took to assess and mitigate the risks associated with the failure of a major contractor?

Q6 What contingency plans and/or failure regimes the Department has for the failure of a major supplier? And when these were activated in the case of Carillion?

Q7 In what proportion of current contracts is Carillion in some way involved?

Q8 What assurances the Department had sought from Carillion before the award of contracts and after each profits warning?

Q9 On what projects and programmes work has been halted and when it is expected to resume?

Q10 What options the Department has considered for successor arrangements following the collapse of Carillion? And what steps the Department is taking to ensure that projects involving Carillion will proceed as planned?

Q11 What the cost will be to the public purse of replacing Carillion contracts? And how long it will take to replace each of the existing contracts?

Q12 When the Department most recently agreed a contract with Carillion; what contracts have been agreed in the last 12 months; and what are the details of those contracts?

Q13 What arrangements the Department made for oversight of Carillion during 2017, both before and subsequent to the profits warning in July, September and November 2017?

Q14 What due diligence and financial health checks the Department undertook on Carillion for contracts awarded between July 2017 and January 2018

Q15 For each public-sector project or programme in which Carillion was directly or indirectly involved:

   a. which contracting authority let the contract

   b. when the contract was let

   c. whether the work is not started, paused, near completion, or completed
d. the expected completion date

e. what the value was of the contract at the time it was let

f. how the work is funded, included the source of funds

g. which other parties were involved in the delivery of the work

h. what proportion of the work was subcontracted by the main contractor

Q16 How many public-sector contracts were awarded to Carillion after the (a) July and (b) September profits warning? And for what reason each such contract was awarded?

Q17 Was Carillion ever classified as a high-risk supplier by the Department or its associated public bodies? If so, when did this happen?

Q18 Whether any contracts have been let to a supplier that was rated as a high-risk supplier at the time the contract was let?

Q19 What information the Department holds or has received from the Official Receiver on Carillion’s transport-related contracts with local authorities?

Q20 What information the Department holds or has received from the Official Receiver on Carillion’s private sector transport-related contracts?

Q21 What analysis the Department has made of the effect on SMEs of the collapse of Carillion

Q22 How many apprentices working on contracts let by the Department and its associated bodies have been affected by the collapse of Carillion?

Should you or your officials have any questions in relation to the above, please feel free to contact the Committee Clerk, Gordon Clarke (020 7219 6242; ClarkeG@parliament.uk).

I look forward to receiving your response shortly.
Yours sincerely

Lilian Greenwood MP
Chair of the Transport Committee