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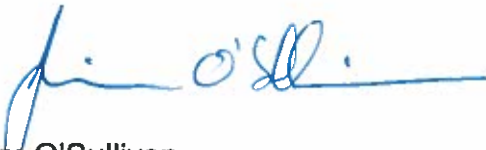
20 February 2018

Dear Lilian,

Thank you for your letter of 8 February. We have done a great deal of work to minimise the impact of the Carillion failure on our activities and we have answered the questions in your letter using your numbering in the table below.

If I can provide any further information please let me know and I look forward to our next face to face briefing.

Yours sincerely,



Jim O'Sullivan
Chief Executive

1. The road projects that Carillion were involved in directly or indirectly are summarised in Appendix A.
2. Highways England had robust contingency plans in place in prior to the collapse of Carillion. This allowed us to respond immediately to minimise any impact on safety, operations, cost and potential delay to schemes.

Where Carillion was part of a Joint Venture, the project has continued to be delivered pursuant to the joint venture agreement with the remaining joint venture party stepping in and continuing to deliver Carillion's obligations as well as its own under the contract.

Where Carillion was not part of a joint venture, we have appointed an alternative supplier through one of our procurement frameworks.

Where Carillion was a sub-contractor, we have maintained contact with the main contractor to understand and monitor any impacts. There have been no delays to any projects or programmes.

3. There have been no breaks in planned project or programme delivery.
4. The successor arrangements following the collapse are covered in Question 2 above.
5. We have worked with the new contractors and the JV Partners to encourage them to make offers of employment to Carillion staff following receipt of their formal redundancy notices from Carillion. This has happened and the majority of Carillion staff have accepted the offers of employment.

On the M40 DBFO contract where Carillion was the main contractor for UK Highways, the DBFO Concessionaire, Carillion staff will novate across to the successor appointed by PWC. This will take place once parent company guarantees are received.

6. Highways England operates Project Bank Accounts (PBAs) on all of our major construction schemes. Payments made into the PBAs are held in trust and paid over to the relevant contractor or subcontractor. These payments have continued to be made, although in some cases JV partners have made arrangements for alternative bank accounts to be used.
7. As described above, contracts with Carillion for major construction schemes have all been let as joint ventures with joint and several obligations on the remaining partners. This has avoided the need for any re-negotiation although subsequently some mobilisation and schedule recovery costs may be incurred.

We are satisfied that our advance planning has minimised costs associated with other Carillion contracts through utilisation of existing procurement frameworks.

8. We have worked with the JV partners to secure all apprentices' roles on equivalent programmes with comparable terms and conditions.

Total numbers impacted:

Project/Programme	Apprentices	Trainees	Graduates
A14	2	4	4
Manchester Smart Motorway Scheme M60		4	
Smart Motorways Programme M6	7		
Total	9	8	4



Appendix 1

Summary of live contracts which has Carillion involvement.

Type of Contract	Contract Title	Supplier Entity Name	General Description of contract and deliverables	Contract Ends
Joint Venture	Collaborative Delivery Framework (CDF) - Lot 3B - T/O A14 Cambridge to Huntingdon Package 3	Balfour Beatty/Carillion JV	Works will be undertaken on a critical and complex section of the A14 covering a ten-mile stretch of the existing road. Package 1 and Package 2 are in a project wide JV with Package 3 (DoV1)	01/04/2020
Joint Venture	CDF T/O Smart Motorways Programme - Construction - Package 3 - M20 J3-5	Carillion Construction Ltd / Kier Infrastructure & Overseas Ltd JV	Currently in Detailed Design & Target Price Production	30/11/2020
Joint Venture	CDF - T/O Smart Motorways Programme - Construction - Package 3 - M6 J16 - 19 (IN CONSTRUCTION)	Carillion Construction Ltd / Kier Infrastructure & Overseas Ltd JV	IN CONSTRUCTION Contract is to Carillion/ Kier Joint venture (CKJV).	01/11/2019
Joint Venture	CDF - T/O Smart Motorways Programme - Construction - Package 3 - M23 J8 - 10	Carillion Construction Ltd / Kier Infrastructure & Overseas Ltd JV	Currently in Detailed Design & Target Price Production	30/11/2020
Joint Venture	CDF - T/O Smart Motorways Programme - Construction - Package 3 - M6 J13 - 15 (IN PRICE NEGOTIATION)	Carillion Construction Ltd / Kier Infrastructure & Overseas Ltd JV	Contract is to Carillion/ Kier Joint venture (CKJV). Price negotiations underway and expected to be completed by Oct/Nov 17, moving into mobilisation in 2018.	31/03/2019
Joint Venture	A1 Leeming to Barton	Carillion/ Morgan Sindall JV	Carillion are in JV with Morgan Sindall in order to deliver this upgrade to replace the existing dual carriageway with a new 3 lane motorway.	01/12/2017
Indirect Contract	M40 Denham to Warwick	UK Highways M40 Ltd	Carillion is the tier 2 supplier to provide main term maintenance for the Design, Build, Finance and Operate (DBFO) co.	05/01/2027

Indirect Contract	Manchester Smart Motorways	Balfour Beatty (at 33% are main contract holders but operates as JV along with Carillion 22%, Costain 22%, Morgan Sindall/BAM 22%)	Improving the M60 by making it a smart motorway between junction 8 of the M60 and junction 20 of the M62. The contract is with Balfour Beatty, who then subcontracts to Carillion, Morgan Sindall/BAM & Costain in an informal alliance.	01/07/2018
Direct Contract	Collaborative Delivery Framework (CDF) - Lot 3B - T/O Buildability Advice	Carillion Construction Ltd	This work is for provision of buildability advice, not for construction works..	31/12/2019
Direct Contract	A1 Elkesley Junction Improvements	Carillion Construction Ltd	The schemes take over certificate was issued so the roads are opened to traffic, Completion certificate will not been issued until outstanding works are completed.	01/12/2017
Direct Contract	Historical Railways Estate-Examinations - North, East & West	Carillion Construction Ltd T/As Carillion Rail	Contract with Carillion Construction Ltd trading as Carillion Rail to provide historic railways estate examinations in three regions.	15/03/2019