



Cabinet Office

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Our Ref: CDL/1986

Rt Hon Frank Field MP
Chair of the Work and Pensions Committee
Rachel Reeves MP
Chair of the Business, Energy and Industrial Strategy Committee
House of Commons
London SW1A 0AA

1 August 2018

Dear Chairs,

Following my letter to you of 19 June, please see below for further responses to the recommendations which you made in your report on Carillion. These further points are the Cabinet Office's contribution to a cross-government response to your report.

31. The assignment of a Crown Representative to Carillion served no noticeable purpose in alerting the Government to potential issues in advance of company's July 2017 profit warning. The absence of one between August and November 2017 cannot have increased the Government's ability to keep itself informed of the direction of the company during a critical period before its collapse. (Paragraph 152)

Response:

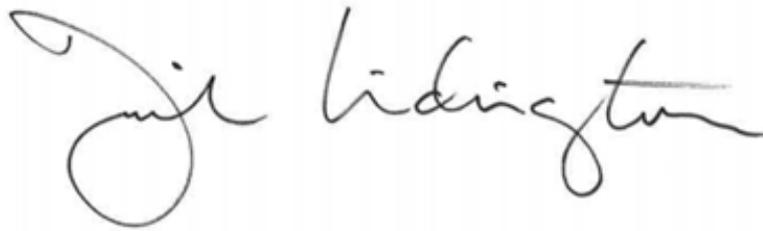
The Crown Representatives are senior customers, they are not directors of the supplier companies and do not have the powers of directors, or indeed of shareholders. Crown Representatives are supported by a full time Markets and Suppliers team which comprises a number of relationship managers and business analysts, including, for some suppliers, a full-time partnering manager, at SCS level, who in the case of Carillion had been in place since May 2017.

The temporary vacancy for Crown Representative to Carillion during three months in 2017 did not compromise our ability to recognise Carillion's problems and construct an appropriate response. While no Crown Representative was in place, the Government Chief Commercial Officer and Director of Markets and Suppliers in the Cabinet Office oversaw the relationship with Carillion themselves.

40: We recommend that the Government immediately reviews the role and responsibilities of its Crown Representatives in the light of the Carillion case. This review should consider whether devoting more resources to liaison with strategic suppliers would offer better value for the taxpayer.

Response:

The Crown Representatives fulfil an important role in a wider system of assurance and supplier relationship management. The Crown Representatives are senior, board level executives who work for the Cabinet Office on a part-time basis. While the Representatives are very senior, experienced people, they can only react to information given to them by the company. If the information that the managers and directors we interact with have been given is incorrect, or if those managers fail to pass that on to us correctly, then problems can of course arise. Indeed, increasing the number of Crown Representatives and Strategic Partnering Managers we have would allow us to cover more suppliers, and hence more of our spend.

A handwritten signature in black ink, reading "David Lidington". The signature is written in a cursive style with a large initial 'D' and a long, sweeping tail.

Rt Hon David Lidington CBE MP