



Work and Pensions Committee Business, Energy and Industrial Strategy Committee

House of Commons, London, SW1A 0AA

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From the Chairs

Margaret Cole
General Counsel
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

6 June 2018

Dear Margaret,

Carillion

Conflicts of interest

In your letter of 2 February 2018 you set out the work PwC had conducted for Carillion over the past decade. This included:

- Audit of Alfred McAlpine and EAGA, latterly as subsidiaries of Carillion (2007-2013, £1.5 million).
- Pensions consulting advice on managing liabilities (2012-2017, £2.6 million).
- Secondments of PwC staff into Carillion to work on internal audit, finance and mergers and acquisitions (2007-2014, £378,000).
- Due diligence services in connection to divestments and acquisitions (2008-2015).

PwC was also contracted by pension schemes sponsored by Carillion to provide advisory services. Most notably, PwC was paid £1 million to provide covenant advice services from July 2017 to Carillion (DB) Pension Trustee Ltd, which represents six schemes, on Carillion's restructuring proposals. The schemes are major creditors to the company.

In September 2017 PwC began advising the Government on Carillion's financial difficulties. This culminated in PwC's appointment as Special Managers to the liquidation in January 2018.¹ In this capacity, PwC is assisting the Official Receiver, which is part of the Insolvency Service (IS). The IS has responsibility for both managing the liquidation and determining whether disqualification action should be taken against Carillion's former directors.

- 1. What actions have you been required to take by the Official Receiver to manage conflicts of interest with your previous work for Carillion, its pension schemes and the Government on Carillion contracts?***

¹ [Letter from Margaret Cole to the Chairs](#), 2 February 2018

- 2. What actions have you taken voluntarily to manage your conflicts of interest?**
- 3. PwC advised former directors of Carillion whose actions are now being investigated by the IS to determine whether they constitute grounds for disqualification. What actions has PwC taken to manage this conflict of interest and ensure that PwC's work for the IS does not jeopardise any potential disqualification action against former directors of Carillion?**

Special Manager fees

We would also be grateful for an update on PwC's fees as Special Managers to the liquidation.

- 4. The NAO report that you will be paid £50m for your work as special managers. Can you confirm that estimate is correct and how much you have billed and been paid so far?**
 - a) The report also suggests all contracts should be exited or transferred over by the end of August. Are you on course to meet that target?**
- 5. The Report states that PwC are charging a 20% premium on services provided post liquidation.**
 - a. What is the reason for that premium?**
 - b. How much have public sector bodies been charged for this premium?**
 - c. Do PwC receive any of that premium?**

Best wishes and we look forward to hearing from you,



Rt Hon Frank Field MP
Chair, Work and Pensions Committee



Rachel Reeves MP
Chair, Business, Energy and
Industrial Strategy Committee