Dear Mr Field & Ms Reeves,

**CARILLION LIQUIDATION UPDATE**

Thank you for your letter of 9 September 2019 asking for an update on certain aspects of the administration of the liquidation of Carillion plc and subsidiaries, and the related investigation. I have set out my answers to your questions below.

1. **Could you provide an update on what further recoveries have been made since your letter of December 2018, and how many more are still expected?**

   Total realisations (including trading receipts) are currently just over £500m across the liquidation estates, an improvement of about £88m since my letter to you in December 2018. Whilst it is difficult to forecast with accuracy, I anticipate further recoveries in excess of £10m. These recoveries will be the result of our ongoing discussions and negotiations with third parties as we seek to realise value from asset sales, insurance recoveries and debtor recoveries.

   There are currently 81 companies in a compulsory liquidation process where I am liquidator, the number has increased by 15 since my last update to the joint committees in December 2018. In relation to these additional 15 companies, I have only felt it necessary to seek appointment of Special Managers over seven
companies, bringing the total number of companies over which Special Managers are appointed to 46.

2. **Could you provide an update on how much is expected to be paid to the PPF?**

There were 13 defined benefit pension schemes within the Carillion Group and at this stage we estimate the PPF will be entitled to a dividend from three of the Carillion companies where there will be a surplus available to creditors. However, it is too early to assess the exact dividend as it depends on the quantum of the other creditor claims that are received and admitted, as well as the outcome of the future recoveries in those estates.

3. ** Might you please confirm the final cost of PwC’s fees for the 2018 calendar year?**

For the period from 15th January 2018 to 31st December 2018 the costs of the Special Managers across the liquidation companies were £43.7m compared to the estimate provided to you in my previous letter of £44.2m.

4. ** Might you please confirm the final cost of PwC’s fees for the 2019 calendar year?**

The special manager’s costs for the period 1 January 2019 to 31 August 2019 were £8.5m of which approximately £6.7m relates to shortfall entities.

5. ** With the liquidation trading phase ending in August 2018, do you now have a clearer idea of when PwC’s role as Special Managers will come to an end?**

I anticipate that I will continue to require the support of the Special Managers as I seek to progress and complete litigation against a number of parties. The expectation is that if successful the litigation will improve recoveries for creditors and further reduce the net funding position.

6. ** How many PwC staff are currently working on Carillion’s liquidation, and for how many hours per week?**

The average (whole time equivalent) number of PwC staff assisting me to manage the affairs of the companies in liquidation has continued to reduce throughout 2019 and has been 14.6 per week between June to August 2019. This compares to 155.2 between January to March 2018 at the start of the liquidation and 37.3 between July to September 2018. I continue to monitor the Special Managers work through regular meetings, financial reports and agreed work plans for the litigation processes.

7. ** Might you please let us know whether the expected net cost of the liquidation is still estimated at £72 million?**

The net cost of the liquidations is currently estimated at £62m in respect of 61 of the liquidation estates.
The remaining 20 companies in liquidation should show a surplus, which would enable distributions to creditors.

8. Please could you confirm whether any additional people have been made redundant through liquidation, and if so, how many?

The remaining 125 Carillion employees were made redundant by 31 December 2018. Overall 16% of the Carillion workforce had to be made redundant whilst 84% of jobs were saved, the large majority of which were transfers to new contractors.

Investigation

The complexities of Carillion’s structure and dealings as well as the volume of evidence to be reviewed are significant and it is not possible to say when we will complete the ongoing investigation. We are however working as quickly as practically possible and this work continues to be a priority.

I hope that you find this information useful and I am happy to assist further, as required.

Yours sincerely,

David Chapman
Official Receiver