



Work and Pensions Committee Business, Energy and Industrial Strategy Committee

House of Commons, London, SW1A 0AA

Tel 020 7219 8976/5777 Email workpencom@parliament.uk / beiscom@parliament.uk

From the Chairs

14 February 2018

Malcolm Harrison
Chief Executive
Crown Commercial Service
45-59 Kingsway,
London WC1V 7RN

Dear Malcolm

Our Committees are currently investigating the collapse of Carillion. In evidence to our Committees, former directors of Carillion referred to their engagement with their Crown Representative. As Julie Scattergood, formerly Crown Representative for Carillion is no longer in post, we would be grateful if you could arrange for responses to the following questions, including contributions from Ms Scattergood as necessary.

We would be grateful for your responses to the following questions:

1. Zafar Khan told us (Q278) that Carillion had “regular dialogue with the Cabinet Office through our crown rep”, and that the last such meeting in which he participated covered “governance, audit arrangements, cash flow performance and the pension deficit”. Could we please have any notes from that meeting?
2. Could we please have notes from any other similar such meetings since the start of 2016?
3. Mr Khan told us that Carillion was “always open in terms of where the business was, where it was headed, and anything of interest to the Government” (Q278). Would the Crown Representative and the CCS concur with that assessment?

A copy of the questions referred to is attached.

It would be helpful to receive a response to our inquiries by Wednesday 21 February.

Yours sincerely,

Rt Hon Frank Field MP
Chair, Work and Pensions Committee

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

Q277 **Rachel Maclean:** Did you inform the Government of the company's weaknesses at this point? At what point did you inform the Government of the company's weaknesses?

Zafar Khan: Which weaknesses?

Q278 **Rachel Maclean:** The weaknesses that we have seen: the profit warnings and the write-downs.

Zafar Khan: Of course, we had regular dialogue with the Cabinet Office through our crown rep, essentially, and as part of that, we would cover a whole range of issues. The last session I was sat in covered governance, audit arrangements, cash flow performance and the pension deficit; it was a very broad agenda in terms of the topics that were of interest to our crown rep.

Again, I think we were always open in terms of where the business was, where it was headed, and anything of interest to the Government. Clearly, the Government were a key customer for the business, and we were keen to make sure that we had an open and honest approach, and that the Government understood what our key issues and concerns were.

Just going back, in terms of Keith's comments on the cash flow deterioration, as we sit here, it does look odd that things can deteriorate so dramatically over a short period of time. We need to bear in mind that, by and large, Carillion had some quite large contracts that we were working with, and cash flows on those can change over a short period of time. I picked up the role of the finance director, effective 1 January 2017. We had a budget, and the process that we adopted to arrive at that budget was no different to the one we had adopted in the past. It was no more challenging than we had come to expect.

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/carillion/oral/78103.html>