



Work and Pensions Committee
Business, Energy and Industrial Strategy Committee

House of Commons, London, SW1A 0AA

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From the Chairs

David Chapman
Official Receiver
The Insolvency Service

27 November 2018

Dear David,

Carillion

It has been almost 11 months since Carillion collapsed and you, as the Official Receiver, took over the company's liquidation, appointing PwC as Special Managers. At that time, and even when our Committees reported in May, the true impact of the company's demise was unknown, not least for the PPF, the taxpayer and Carillion's employees. We would therefore be grateful for an update on these issues in response to the following questions.

Recoveries

As liquidator, the Official Receiver is responsible for selling Carillion's assets and distributing the returns to creditors, including the pension schemes: Carillion's collapse was expected to result in the largest ever hit to the Pension Protection Fund, estimated at £800 million.

1. Please could you confirm:
 - a. what recoveries have been made to date,
 - b. what recoveries are still expected, and
 - c. how much is expected to be paid to the PPF?

Special Managers

[Our report](#) noted:

The administrative costs of the liquidation, underwritten by the taxpayer, consist primarily of the work of the Official Receiver and his team, and of the Special Managers and other PwC staff that support them.

In March 2018 we took evidence from David Kelly, one of the Special Managers, and asked for update on the costs, and potential costs, to the taxpayer of PwC's work. As stated in our report:

Mr Kelly, who is charged out at £865 per hour, told us that the cost of his firm's first eight weeks of work would be £20.5 million. PwC's staff were working at an average hourly rate of £360 per hour, and they had 112 people working on Carillion in the week prior to their evidence. Mr Kelly was able to give no indication of the daily cost of the liquidation, no suggestion of the number of PwC staff that would be required even just a week into the future, and no estimate at all of what PwC's total fees would be at the conclusion of their work.

2. **We would be grateful for an update on the costs to date, and projected costs, of PwC's work as Special Managers. In particular:**
 - a. **How much have PwC billed to date in relation to their work as Special Managers for the liquidation of Carillion?**
 - b. **How did the cost of PwC's first eight weeks of work compare to David Kelly's projection of £20.5 million?**
 - c. **How many PwC staff have been working on Carillion's liquidation since the company was appointed as Special Managers, on average per week?**
 - d. **What is the average charge-out rate of those staff?**
 - e. **What is the estimated total cost of PwC's work as Special Managers?**
 - f. **What are the Special Manager's performance indicators, and do they include recoveries for creditors and the pension fund? If so, how have they performed against this measure?**

Carillion employees

The [Official Receiver's update of 23 April 2018](#) stated that, regretfully, 2,221 people had been made redundant through liquidation.

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

Investigation

When Carillion collapsed, the Government asked the Insolvency Service to fast-track its investigation into the directors and former directors of the company.

4. When does the Insolvency Service expect the report to be completed?

We would also welcome any other relevant updates on your work or the progress of investigation that you are able to provide to us.

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