

**EY Response to information request from the Work and Pensions Committee and the Business, Energy and Industrial Strategy Committee, dated 25 January 2018**

In response to your request for details of EY UK’s engagements with Carillion Plc, its subsidiaries and the Carillion Pension Plan (together, ‘**Carillion**’) and any advice provided by us to the Government in respect of contracts it had entered into with Carillion, in all cases since 1 January 2008 (together, “**services**”), there follows:

- A chronological overview of services provided to Carillion since 1 January 2008 (attached as “**Annex 1 – Services to Carillion from 1 August 2008**”); and,
- A chronological overview of services provided to the Government in respect of contracts it had entered into with Carillion since 1 January 2008 (attached as “**Annex 2 – Services to the Government in respect of its Carillion contracts since 1 January 2008**”).

**Executive summary table**

<b>Annex 1 - Services to Carillion from 1 August 2008</b>	
<b>Year</b>	<b>Fees (£)</b>
2008	404,106
2009	89,419
2010	69,776
2011	59,686
2012	96,463
2013	163,691
2014	689,552
2015	8,222
2016	-
2017	14,047,298*
<b>Total</b>	<b>15,628,213*</b>

\*These figures include approximately £2.3m fees billed but unpaid by Carillion at the point that it went into liquidation.

<b>Annex 2 - Services to the Government in respect of its Carillion contracts since 1 January 2008</b>	
2008	1,886,016
2009	459,429
2010	-
2011	95,382
2012	163,390
2013	-
2014	-
2015	-
2015	-
2017	29,000
<b>Total</b>	<b>2,663,217</b>

**Note:**

Where engagements spanned multiple years, we have set them out according to the year in which we opened an engagement code or, if later, when we began performing the services.

In a small number of cases where the services relate to historic matters (outside our usual 7 year document retention period) we have less information readily available but have nonetheless provided our best indication of the work done and the associated fees.

We have endeavoured to provide accurate details of our fees. However, where we were unable to gather detailed information in the time available, we have provided approximate figures (see references to “Approx”).

We have also indicated where our fees remain unpaid.

**Annex 1 - Services to Carillion from 1 August 2008**

2008

<b>No.</b>	<b>Client</b>	<b>Overview</b>	<b>Fees (£)</b>
<b>Tax Services</b>			
1.	Carillion Plc	Assisting the client in collating information to be included in the client's PAYE Settlement Agreements and P11D forms.	9,657 2,500
2.	Carillion Plc	Advising in relation to the Employee Car Ownership (ECO) scheme, including advice on the tax and PAYE/NIC payments due to HMRC.	22,442
3.	Carillion Plc	Providing quarterly tax technical training sessions (3 topics per session, 3 hours per session).	12,666
4.	Carillion Plc	Assisting the client in preparing its P11Ds and P11D(b) for the tax year ended 5 April 2007. General advice regarding PAYE, benefits and/or social security matters relating to client and or its employees.	30,745
5.	Carillion Construction Limited	Secondment of employee from our VAT team.	45,763
6.	Carillion Plc	Assisting the client with HMRC site visits and advising on its negotiations with HMRC and specific matters arising from HMRC's review.	41,612
<b>Transaction Advisory Services</b>			
7.	Carillion Plc	Secondment of five employees from our Transaction Advisory Services team.	132,598
8.	Carillion Plc	IFRS3 post deal purchase price allocation: after client's acquisition of McAlpine, allocating parts of the purchase price across the various intangible assets included in the purchase, for accounting purposes.	93,608
9.	Carillion Plc	Secondment of three employees to the client's Private Finance and Developments Department.	7,050
10.	Carillion Plc	Assisting the client to investigate certain allegations made against it.	5,465

2009

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
11.	Carillion Plc	Ad hoc advice on tax planning and other relevant tax matters, including tax compliance services and advice on tax planning.	10,136
12.	Carillion Construction Limited	Advising in relation to VAT in Jersey.	3,422
13.	Carillion Plc	Advising in relation to the Employee Car Ownership (ECO) scheme, including advice on the tax and PAYE/NIC payments due to HMRC.	33,000
<b>Transaction Advisory Services</b>			
14.	Carillion Plc	Secondment of one employee from our Transaction Advisory Services team to work with the client and Enviro Limited's financial reporting teams.	8,706
15.	Carillion Plc	Secondment of one employee from our Transaction Advisory Services team to assist the client's financial reporting team.	9,874
16.	Carillion Plc	Assisting with a post-acquisition investigation of an acquired company (McAlpine) in respect of its subcontractors' transactions and relationships.	24,281

2010

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
17.	Carillion Enterprise Plc	Assisting the client with the structuring, facilitation and communication of a proposal to the Ministry of Defence regarding cost savings proposals.	45,890
18.	Carillion Plc	Ad hoc advice on tax planning and other relevant tax matters, including tax compliance services and/or advice on tax planning and other relevant tax matters in jurisdictions outside of the United Kingdom.	21,165
19.	EAGA Plc Carillion Plc	Briefing on current tax law and trends.	2,721

## 2011

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
20.	Carillion Energy Services Limited	Tax advice (capital allowances) in connection with the client's plan to develop, install and maintain renewable energy assets at domestic residential premises.	6,687
21.	Carillion Energy Services Limited	Tax advice (capital allowances) in connection with a lease agreement for Eaga Clean Energy Limited.	5,000
<b>Transaction Advisory Services</b>			
22.	Carillion Plc	Assisting the client with the identification of intangible assets (post acquisition) and appropriate valuation approaches.	42,999
23.	Carillion Plc	Providing valuation and accounting advice on certain contracts acquired following the acquisition of Eaga.	5,000

## 2012

No.	Client	Overview	Fees (£)
<b>Transaction Advisory Services</b>			
24.	Carillion Plc & others	Review of clients' financial model to assist in their bid submission in connection with the Education Support Services joint venture.	8,000
<b>Assurance Services</b>			
25.	Carillion Services Limited	Engaged by Clyde & Co to act as an expert witness in connection with allegations made against the client.	88,463

## 2013

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
26.	Carillion Private Finance (Transport) Limited & others	Providing tax accounting advice on clients' bid for the M8, M73, M74 Motorways Improvement Project, which involved the incorporation of a special purpose vehicle.	6,000 (client's share)
<b>Transaction Advisory Services</b>			
27.	Carillion Plc	Secondment of one employee from our Transactions Advisory Services team to the client's M&A team.	12,770
28.	Carillion Construction Ltd	Due diligence services in connection with the acquisition of John Laing Integrated Services.	54,384
29.	Carillion Plc	Assisting the client in developing scenarios to add to their financial model.	14,547
30.	Carillion Plc	Providing acquisition due diligence services to the client on its proposed acquisition of Lend Lease Facilities Management.	58,524
31.	Carillion Plc	Performing an independent review of a report received from Gazelle Pension Advisory concerning the strength of the financial covenant provided by the client and its subsidiaries.	9,300
32.	Carillion Construction Limited & others	Review of a financial model developed by the client to assist with their bid submission in connection with the M8 M73 M74 Motorways Improvement Project.	8,166 (client's share)

## 2014

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
33.	Carillion Plc	Providing ad-hoc expatriate tax advice in relation to employees working internationally and UK employment tax advice via a helpline arrangement.	22,800
<b>Transaction Advisory Services</b>			
34.	Carillion PLC	Performing a merger benefit review and synergy work in respect of the prospective merger with Balfour Beatty (which did not go ahead).	666,752

2015

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
35.	Carillion Plc	Acting as independent tax auditor reviewing and approving the corporate tax declaration for Al Futtaim Carillion Contracting S.A.E. for the financial year ending 31 December 2015.	8,222

2016

No.	Client	Overview	Fees (£)
N/A			

2017

No.	Client	Overview	Fees (£)
<b>Tax Services</b>			
36.	Carillion Plc	Acting as independent tax advisor reviewing and approving the corporate tax declaration for the financial year ending 31 December 2016, together with other tax advisory services, for Al Futtaim Carillion Egypt (L.L.C), Carillion Construction Limited – Egypt Branch and Al Futtaim Carillion Contracting S.A.E.	38,636
<b>Transaction Advisory Services</b>			
37.	Carillion Plc	Providing divestiture M&A and vendor assistance services in respect of a proposed disposal by the client of its Irish facilities management contracts.	50,000 (billed but unpaid)
38.	Carillion Plc	Carrying out a review of, and preparing reports on, potential benefits and drawbacks of a proposed acquisition of a Target (Coves).	24,000
39.	Carillion Plc	We provided vendor assistance services to the client in connection with the proposed sale of its Health and Communities business. This was split over 2 phases: Phase 1 comprised vendor assistance services, including evaluating and reporting on financial data, and; Phase 2 comprised vendor due diligence services.	702,975
40.	Carillion Plc	Provision of financial accounting advisory services in relation to the client's implementation of the International Financial Reporting Standard (IFRS) 15.	Nil

No.	Client	Overview	Fees (£)
<b>Assurance Services</b>			
41.	Carillion Plc	Supporting the client's legal advisers (Slaughter & May) to analyse and reconcile internal documents prepared by the client (reporting the results of various contract reviews by the client between December 2016 and July 2017).	73,132
42.	Carillion Plc	Performing a review of client's risk management structure and developing a road map to assist client to identify and close any risk management gaps going forward. We were instructed by the client in December 2017, shortly before the client's liquidation; our work was suspended due to client's liquidation.	58,555 (billed but unpaid)
<b>Multidisciplinary Services</b>			
43.	Carillion Plc	<p><u>Project Ray</u>: Between July 2017 and January 2018, our services can be broadly categorised into three categories:</p> <p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• assisting management with identifying areas to improve working capital across the client's Group and recommendations to improve the cash forecasting processes currently in place; identifying radical cost reduction opportunities as well as short term cost reduction opportunities;</li> <li>• analysing the financial position and considering the options of the pension schemes in the context of the restructuring, and assisting the company with the pension aspects of its restructuring discussions with the financial creditors, the pension scheme trustees, the pension regulatory authorities, HMG and their respective advisers;</li> <li>• ad-hoc advice to the Board in respect of ongoing discussions with stakeholders and support in respect of M&amp;A work.</li> </ul> <p><b>Phase 2</b></p> <ul style="list-style-type: none"> <li>• support to deliver immediate cost reduction opportunities and support defining the future operating model required to release costs and improve operational performance;</li> <li>• ad-hoc advisory work in respect of liquidity, pensions, M&amp;A and general Board advice.</li> </ul>	Approx. 10.8m (+ 2.3m billed but unpaid)

2017

No.	Client	Overview	Fees (£)
<b>Multidisciplinary Services</b>			
		<p><b>Phase 3</b></p> <ul style="list-style-type: none"> <li>• business planning and forecasting – support to deliver a five year business plan and integrated forecasts; support to management to identify and deliver opportunities to improve cash and working capital; assisting management with liquidity reporting; options / entity priority modelling; review of the process, scope and information from assessments of priority contracts;</li> <li>• advice in respect of VAT and PAYE arrears due to HMRC; and high level tax support; continuing to advise and assist the Group in exploring options to address the deficits in various pension funds;</li> <li>• contingency planning (unbilled work); and</li> <li>• a Partner at EY was seconded to the client’s group executive reporting to the Interim CEO. His role was focused on assisting the Interim CEO and the client’s CFO with matters relating to the restructuring, including interaction with stakeholders.</li> </ul> <p>Approximately 190 members of our staff (including support staff) were involved across Phases 1-3, although not all worked on this matter full time.</p>	



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**Annex 2 - Services to the Government in respect of its Carillion contracts since 1 January 2008**

**2008**

<b>No.</b>	<b>Client</b>	<b>Overview</b>	<b>Fees (£)</b>
<b>Advisory Services</b>			
44.	Rochdale Tameside and Wolverhampton Metropolitan Borough Councils	Assisting client local authorities with conducting their procurement processes in respect of the Building Schools for the Future programme – work won by Carillion/Carillion SPVs (Special Purpose Vehicles). EY helped to develop the evaluation criteria, supported the councils in discussions with the bidders regarding their proposals, and then assisted with evaluating the financial aspects of the bids received in accordance with those criteria. EY were not involved with the legal and technical evaluations which were also performed as part of the evaluation process.	1,886,016

**2009**

<b>No.</b>	<b>Client</b>	<b>Overview</b>	<b>Fees (£)</b>
<b>Assurance Services</b>			
45.	Greater London Authority	Performing a costs verification exercise, assessing the reasonableness of costs incurred in connection with a rail infrastructure project.	459,429

**2011**

<b>No.</b>	<b>Client</b>	<b>Overview</b>	<b>Fees (£)</b>
<b>Transaction Advisory Services</b>			
46.	Wolverhampton City Council	Reviewing and identifying contract leakage (inefficiencies) and implementing improved contract governance – a Carillion contract was one of the contracts reviewed.	95,382

## 2012

No.	Client	Overview	Fees (£)
<b>Advisory Services</b>			
47.	Education Funding Agency	Assisting the Education Funding Authority in conducting its tender process for the Priority Schools Build Program - work won by Carillion SPV. EY helped to develop the evaluation criteria, supported the councils in discussions with the bidders regarding their proposals, and then assisted with evaluating the financial aspects of the bids received in accordance with those criteria. EY were not involved with the legal and technical evaluations which were also performed as part of the evaluation process.	148,170
<b>Transaction Advisory Services</b>			
48.	Derby City Council	Reviewing and identifying contract leakage (inefficiencies) and implementing improved contract governance – a Carillion contract was one of the contracts reviewed.	15,220

## 2017

No.	Client	Overview	Fees (£)
<b>Transaction Advisory Services</b>			
49.	HS2	Conducting financial tests (Pre-Qualification Questionnaires) on companies bidding for HS2 contracts, including a consortium of which Carillion was one member. We were not involved in designing these financial tests and our evaluation of the bidders was limited to reviewing against HS2's pre-determined set of criteria.	197,001 (of which approx. 29,000 attributable to Carillion's role in consortium bids in which it was involved)