



Work and Pensions Committee Business, Energy and Industrial Strategy Committee

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From the Chairs

30 January 2018

Dear Ms Vadera

Carillion Early Payment Facility

Following the compulsory liquidation of Carillion Plc and its subsidiaries announced on 15 January 2018, the Work and Pensions and Business, Energy and Industrial Strategy Committees have launched a joint inquiry into the group.

In his witness statement of 15 January, Keith Cochrane explained:

On 21 December 2017, and without notice to the Company, Santander issued termination letters to certain of the Group's suppliers, without notice to the Company, informing the suppliers that certain changes would need to be made to the early payment facility ("EPF") provided by Santander. The Company relied upon that EPF in order to assist it making payments to its suppliers. Santander informed the Group's suppliers that arrangements to automatically prepay invoices submitted by the supplier would be terminated and it sent a separate email to certain of its suppliers that "all the payments with Carillion are stopped". Following urgent discussions between Santander, the CoCom and the Company, Santander agreed to continue to provide the EPF but, amongst other things, reduced the permitted maximum aggregate due amount of discounted invoices under the EPF from £150 million to £117 million.

We would be grateful if you could respond to the following questions:

- What was the nature of the early payment facility between Santander and Carillion?
- If this was, in effect, a credit facility for Carillion, how much did the Company borrow from Santander in 2016?
- How many of Carillion's suppliers did Santander provide the EPF to?
- What led Santander to terminate this facility in December 2017?
- What was the nature of the "urgent discussions" with Carillion and why did Santander then decide to continue the facility, albeit on revised terms?
- Does Carillion currently owe any money to Santander as a result of the EPF?
- Can you send us a copy of the email to suppliers referred to in the statement above?

We would be grateful for a response by Monday 5 February.

A handwritten signature in black ink, appearing to read 'Frank Field'.

Rt Hon Frank Field MP
Chair, Work and Pensions Committee

A handwritten signature in black ink, appearing to read 'Rachel Reeves'.

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