# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Carillion Update** |
| **DATE**  | **17 January 2018** |
| **BY** | **Cabinet Secretary for Economy and Transport** |

I am writing to inform members that on Monday 15 January Welsh Government were informed that Carillion had filed for insolvency, and that the High Court has appointed the Official Receiver as Carillion’s liquidator.

Whilst Carillion are a significant provider of outsourced and construction services to the UK Government, I can confirm that they are not a significant provider of services here in Wales.

Where contracts with Carillion do exist we will be working with our advisers and the Official Receiver to agree the best way forward so as to minimise the impact of this unfortunate situation. All options to minimise any potential delays to delivery will be explored.

We will do all we can to support Carillion workers and supply chains in Wales, including assisting workers find alternative employment and training where necessary through Welsh Government support programmes such as REACT.

I can confirm that Carillion feature in one of the bids to run the rail services in Wales and the Borders from October 2018, and to take forward key aspects of the next stage of Metro. The relevant bidding organisation is currently exploring ways in which it can legitimately remain in the process.

Transport for Wales and the Welsh Government recognise the investment and commitment made by the relevant bidding organisation in the procurement process so far, and will consider options fairly, whilst complying with procurement law and providing appropriate safeguards for Welsh Government.

We are also working closely with Network Rail, who have confirmed that Carillion’s work for Network Rail does not involve the day to day running of the railway. We will also be working with them around any involvement of Carillion within their supply chain.

Carillion are currently the Welsh Government’s appointed contractor for the delivery of the design for the A40 Llanddewi Velfrey to Penblewin road scheme. We are therefore exploring all options as to how best to progress to the next stages of the project, so as to minimise any delays. This includes exploring the possibility of directly contracting with Carillion’s supply chain.

Carillion are also the Welsh Government’s appointed contractor for the design of improvements to junction 15 and 16 of the A55. Carillion’s profit warning in July 2017 was released following the receipt and assessment of Carillion’s bid for the project, but prior to the formal award of the contract to Carillion.

As soon as Carillion’s profit warning appeared in the press in July 2017, the Welsh Government paused its procurement process so as to allow investigations to be carried out as to Carillion’s financial stability.

Carillion formally responded giving assurances as to their stability, and this coupled with the fact that they were only being awarded a contract for design at this stage meant that the Welsh Government, on balance, could not legitimately withhold awarding the contract to Carillion. Not awarding the contract to Carillion would have opened the Welsh Government up to potential challenge under procurement law.

As with the A40, we will be exploring all options as to how best to progress to the next stages of the A55 junction 15 and 16 project, so as to minimise any delays. This includes exploring the possibility of directly contracting with Carillion’s supply chain.