

Our reference: AC/JE

18 December 2013

Sir Peter Bottomley MP
Member of Parliament for Worthing West
House of Commons
London
SW1A 0AA

Dear Peter

Thank you for your letter of 13 December.

As you say the OFT has now concluded its investigation and we accept the Office of Fair Trading (OFT) finding of collusive tendering by Cirrus, in relation to the supply and installation of certain access control and alarm systems to retirement properties in the period 2005-2009. As I know you will appreciate from our previous correspondence, Peverel Group has been under new management since 2012, when I joined as CEO. We have made clear how sorry we are for what happened and that these practices were completely unacceptable. As requested, I have carefully considered the issues you have raised and the proposals you have made.

As you will appreciate in the course of their investigation the OFT has had full disclosure of and access to all our information. The OFT has made no finding of whether there was any over-payment for work carried out but we do accept the OFT conclusion that it is likely there was some over-payment for the systems that were supplied and installed by Cirrus. We can't know what the price would have been without collusive tendering, but we have decided to make a goodwill payment to the contingency funds of affected developments of 10% of the price of any resulting work. We consider this to be an appropriate amount.

I was pleased to see that you support mediation as I believe that greater use of mediation would be beneficial in many leasehold issues and is something we would generally support. However, the OFT which is an independent body, established by Parliament has made a decision following a four-year investigation, during which we have made all information available. With that in mind I do not believe mediation is appropriate here. I appreciate the concerns you have raised and I would like to offer reassurance about how Peverel Group does business today.

The period investigated by the OFT was between 2005 and 2009 and these practices stopped in 2009 when Peverel Group notified the OFT. A thorough internal investigation was carried out at the time, and new processes, procedures and training were introduced to ensure this couldn't happen again. When I joined as Chief Executive in March 2012 I set a new direction for the Group, which is underpinned by both our Customer Charter and Code of Business Conduct, both of which combine to make it clear how we do and do not operate today. I enclose copies for your information.

I would welcome the opportunity to meet with you to discuss these issues in more detail, and indeed leasehold issues more generally, in which I know you have a keen interest. I would equally welcome the opportunity to meet with your colleagues, copied on this correspondence.

I look forward to hearing from you and will be in touch to see if we can find a convenient time to meet.

Yours sincerely



Janet Entwistle
Chief Executive

cc Edward Davey MP, Jim Fitzpatrick MP, Sebastian O'Kelly, Martin Boyd