

Confidential

Independent Investigation into Brook House

Friday 9 March 2018

**Interview with
Gordon Brockington
Business Development Director
G4S Care and Justice**

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107. **Ms Lampard:** Yes, this whole business, what it sounds to us like is that the local manager agreed that with the Home Office –
108. **A.** And that's how it would be.
109. **Q.** That because that's not a fundamental part of the contract.
110. **A.** No, but it would have been a senior decision, 60 more heads would have been a lump of money.
111. **Q.** But it would have been, in your view, done locally.
112. **A.** It would have been done at an operational level, correct.
113. **Q.** That would be Jerry?
114. **A.** Correct.
115. **Mr Marsden:** The question I was asking, though, is, is the Director then under week-by-week pressure to deliver an additional margin?
116. **A.** We are a commercial organisation –
117. **Ms Lampard:** We're not getting at you!
118. **Mr Marsden:** No, I run a commercial organisation!
119. **A.** In certain contracts – let's talk about profit improvement plans, because I think that's probably where we're getting to.
120. **Ms Lampard:** It is!
121. **A.** Government's contracting, and especially in the NHS, it often asks us to deliver year on year savings to the contract. The custodians don't do that, we deliver a price for a ten-year period, and we don't build in profit improvement plans into that price because we are competing against competitors down Victoria Street and over the water who, if we build those sorts of risk pricing or profit improvement pricing in, we won't win the bid, because we will be uncompetitive. Rest assured the vast majority of government tendering, regardless of whether it says it's 50:50 price:quality, it's price, let's face facts.
122. If we build it in we would be non-competitive, so we have to get to a solution which is safe, fundamentally it's safe, secondly it's sustainable, and thirdly, it's not onerous. We have to make money out of this, I'm not going to go, and Peter Neden is crystal clear that we will not go and stand in front of Ashley or our Board and say, we are going to deliver this for a non-sustainable margin, in a very, very high-risk, volatile environment.
123. **Q.** So safe, sustainable, profit.
124. **A.** Yes. However – bringing us back to profit improvement plans - we are a commercial organisation, and all parties are very clear that we want to enhance our profit to an extent, but that is never at the detriment to the safety of our people or those we look after.
125. **Mr Marsden:** In trading reviews, I think the financials come first –
126. **A.** No, never, health and safety always comes first.
127. **Q.** Okay, that's interesting, someone told me that –
128. **A.** Never.

129. Q. Interesting.
130. A. Agenda point 1 on every ExCom is health and safety.
131. Ms Lampard: That's at your level – do you know that that's the same all the way down?
132. A. Meetings which I chair, health and safety is always first.
133. Q. So you can't reassure us about what it might be elsewhere.
134. A. I know from my time in the FM division that that was also the case in FM.
135. Mr Marsden: Do you do the Brook –
136. A. I don't know.
137. Ms Lampard: Health and safety and then profitability.
138. Mr Marsden: What I was going to ask is, just if you could, because I think it would be really useful to try and understand this, we'll ask him, but what would Ben sense, what would a centre Director be experiencing re profitability, what it is that they feel from the trading reviews, what is expected of them corporately?
139. A. Deliver, at worst, the budgeted profit, and the budget is on a rolling 12-month period, it's not the ten-year look ahead, we operate on that 12 months, so that is set in the Q3, Q4, start Q1 and you deliver. As I said, it's a very quick-moving environment, and good contract management, and what we all get paid for is we sign up to these commitments that we will deliver our profitability. If the market changes, and attrition rates go up, which mean training costs go up and we can't get the staff in for the right cost, two or three components of your cost base therefore go up, but you still have that commitment to deliver the profit, so 'robbing Peter to pay Paul' is one way of putting it; I think 'managing your asset' is a different way of putting it.
140. Q. In its entirety.
141. A. In its entirety.
142. Ms Lampard: Gordon, if you have a manager who is consistently delivering their contract budgeted profit, but not really doing anything else, is that a good manager or a bad manager in the eyes of G4S?
143. A. If they are fulfilling their commitments that they make, so if we go through a very robust budgeting process with a look ahead for the next 12 months – and the budgeting process is part of a three-year strategy process which my team deliver to Peter, who then presents up to the Board –
144. Q. So there are iterations of a contract coming through the whole time?
145. A. There are iterations, yes, so for example, we have a contract for ten years, we will know that the bid price was this, the margin expectation when we bid it was this, and we have it for ten years. Let's just say the margin was ten per cent, we bid it at ten per cent - just for illustrative purposes - we would expect to see ten per cent coming out of that, so we would expect that contract manager to deliver ten per cent, or what was agreed at the budget process.
146. If there is some significant change in the market and that is very visible, and at the end of the year whilst we are going through the budgeting process the contract manager has that agreement with Peter that actually, it's going to go down to nine per cent because of all these reasons, his commitment is nine per cent.

147. It may be that we see an opportunity, an increase in estate or an increase in beds or an increase in whatever it may be, it may be that because revenue is going up the profit might go up, so therefore we might commit to eleven per cent, but whatever they commit to and however they get to that point, their agreement with Peter at the end is –
148. Q. I suppose what I'm asking is not so much the actual mechanics of whether or not they've breached a fundamental agreement, it's what sort of pressure are they put under to perform better than that bald agreed sum? Do you rate your Directors one against the other on how much more they're able to get out of a contract?
149. A. Categorically not, we don't rate them one against one. We apply measured commercial pressure to them to deliver a number of components of their contract. If you look at it in terms of - this is all a bit nonsensy – if you look at it in terms of a balanced score card, we measure them on their health and safety performance, we measure them on their profitability, we measure them on their KPIs. These are all linked together, so if you fail your KPIs you're probably going to get financial penalties, which probably means your profitability is going to go down.
150. The other really important thing about that is, they are all leading indicators, so if you have a safe contract, and your team are engaged, and you're not hurting people, and you're delivering all those lead indicators such as health and safety, the chances are your profitability is going to be good as well, because you are running a really good contract, you're a really good management team. We measure lead indicators which ultimately drive profitability. It is one component of a few, all of which are linked, but clearly we want them to make more money, not to the detriment of all the other indicators.
151. Q. But you're not running a competitive process onto that, so the pressure is not so explicit.
152. A. The pressures come on their own individual contract, you can't compare Birmingham with Brook House because the pressures are –
153. Mr Marsden: As you say, they're being obliged to keep things in balance: I know plenty of organisations, I'm sure you will as well, where if they've lost financial control usually the quality of the operation is shot as well.
154. A. Yes, it's the reverse of what I said.
155. Ms Lampard: I'm going to personalise this a bit more: the evidence we get about Ben is that Ben was very good at managing you – not you personally - and very good at managing upwards, and he was very good at managing the Home Office. I think we have got to the bottom of that, he was very good at focusing on people in the Home Office, and he was good at turning in the profits that he was required to do. Is that your experience, was that how you 'felt' Ben, if you see what I mean?
156. A. To be honest, I think I only met Ben very briefly on one occasion.
157. Q. But your recollection of the contract was that it was not financially troublesome.
158. A. No, correct.

we can't get into the rooms, because they're never empty enough to do a deep clean.

170. **Ms Lampard:** I entirely accept that. I suppose what I'm really asking you is if you have any experience of the sort of pressure that that person from the Home Office, who sits on the ground at Gatwick and is the interface between the Home Office and the operation, if your experience is, as ours is, that really the thing they are focused on is pleasing the masters about people in and people out, and we've got the local person to admit that that's the case - does that accord with your experience?
171. **A.** Yes, I think so. I think they will be driving what their boss is interested in.
172. **Mr Marsden:** Is that lack of communication because they don't think about the impact on service provision?
173. **A.** They don't realise the impact of their actions.
174. **Q.** Rather than, we'll not tell them anyway, because we don't want to have a discussion about the resources that they will need.
175. **A.** I would hope it's not malicious, and I'm sure it's not.
176. **Q.** There is a huge amount of trust, isn't there, that's needed between outsourcing a highly sensitive public service to you and then all the stuff that goes on with Ministers, and the operational day-to-day, month-by-month changes.
177. **A.** And that is brand eroding, potentially, in terms of government policy, over which we have no control, can impact on our brand and delivery. A prime example of that is post-*Panorama*, clearly we don't need to cover what was in that, but a lot of the media coverage was about the policy of detaining indefinitely, and that is quite an important component, and clearly we have no control over that, but by managing their estate we are brought into that.
178. **Q.** Are they good commissioners, or is it hugely varied contract to contract, team to team?
179. **A.** The Home Office?
180. **Q.** Yes.
181. **A.** I can only say that I have had a very good experience dealing with senior commercial stakeholders in the Home Office, procuring this new contract. Whether we're successful or not, I don't know, but their approach has been very encouraging.
182. **Q.** Thoughtful?
183. **Ms Lampard:** Post-*Panorama*, was Lee give a sort of bye to go and sort it out, whatever it cost - how do you deal with that? Because clearly *Panorama*, and what had gone before, has a detrimental effect, and it is an exceptional circumstance to be managing. People are obviously going to leave, you have a very high attrition rate, he's had to run training back-to-back -
184. **Mr Marsden:** ITCs galore.
185. **Ms Lampard:** All that sort of stuff. How do you deal with that - does he present you with what he thinks it's going to cost, and you have to write the -
186. **A.** Yes.

239. Ms Lampard: ?Still be there.

240. A.

Sensitive/Irrelevant

241. Q. Can I just ask you about the chain of reporting on all of this: you've described how trading reviews focus on this matrix, balanced score card, all that sort of thing, and then it gets up to ExCom and ExCom will drill down if there are evident things that are out of kilter and look absurd. By the time it gets to the Board, one question Ashley asked us is, you have HMIP reporting, you have local IMB reporting, you have trading reviews, why did nobody tell him that people were behaving like brutes in Brook House?

242. There are indicators for that, aren't there? I can't write a thesis on what the line is, but understaffed place, staff under pressure, not enough managers, not enough time off, not enough training and development, all of that stuff. What's your answer as to why that didn't come through to your Board?

243. A. Clearly, something isn't working. We have whistleblowing, we have –

244. Q. Is that something that's on the metrics too, on the formal reporting?

245. A. Yes, I don't see that but Peter sees every single whistleblowing.

246. Q. Yours is called Speak Out, it's singularly inappropriate for an immigration removal centre, it's also about whether somebody's stealing the furniture.

247. A. Subsequently we have reviewed our approach to that, we talk about it, Ashley talks about it in all his communications, but is this really getting through? I think as an ExCom we are agreed it's not working, and that needs to be addressed, and we are looking at that. I don't think there is a silver bullet to this, I think there are many strands which will change the culture of what has happened.

248. For the record, I am fortunate enough to see a lot of different parts of our business in my role, and I see some fantastic things happening, and whilst I sincerely hope and trust it is an isolated incident, we do need to make sure that organisations as big as ours don't have a permafrost in it, that the rhetoric at an ExCom level is great, but it's not getting through to the frontline. I wonder if we do suffer a little from that permafrost in our organisation, where the information isn't necessarily getting right down to the frontline about how we expect people to behave.

249. Q. Have you any more questions, Ed?

250. Mr Marsden: No, I don't think so. Thank you very much -

251. Ms Lampard: I don't think so either.

252. A. I'm not sure I answered your questions specifically on the contract, but hopefully –

253. Mr Marsden: I think the local stuff we can pick up locally, but I think what you have explained is really helpful. Thank you.

[Interview concluded]