

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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**Investigators: Mr Ed Marsden (Verita)
Ms Kate Lampard (Verita)**

1. **Mrs Lampard:** *[Introductions]* Gordon, we are going to try to get you to talk, rather than we talk, but before we do, it's probably helpful if we just get from you your job title, your role and your responsibilities and how long you've been doing that, and perhaps just tell us what your background is.
2. **A.** I am the Business Development Director for G4S Care and Justice, reporting through ExCom to Peter Neden. I've been doing the current role for 14 months, previous to that I was in G4S as Strategy and Business Development Director in the FM Division.
3. **Q.** FM being -
4. **A.** Facilities Management, where we did actually have an involvement with Gatwick through my tenure there, because we were delivering the FM services to Gatwick, so I have been involved on and off with Gatwick. My main involvement with Gatwick, especially over the last six to twelve months, has been the tendering process, clearly because they are going through re-procurement, so whilst I have an appreciation of, and have visited Gatwick on a number of occasions, a lot of my involvement has been through my bid team, and more laterally and very currently, engagement at a very senior level at the Home Office around the future of the potential contract.
5. That has given me insight into the current operations, the current working and how the Home Office are working with our teams on site. I am working very closely with Lee Hanford, who is currently the Director at Gatwick, and Bryony Tedder who has been a fairly key part of the action plan -
6. **Q.** I don't know about Bryony Tedder.
7. **A.** Bryony is -
8. **Mr Marsden:** She works for Gawie, doesn't she?
9. **A.** No, she works for me -
10. **Q.** She sent us some stuff right at the beginning.
11. **A.** Yes, but she was seconded in to manage the action plan on behalf of G4S as soon as *Panorama* broke.
12. **Ms Lampard:** She's in your team.

13. A. She's in my team, but was specifically brought in from my team, the Business Development Team, as a non-operational, pseudo-independent; and Niki Taylor, who has been the bid lead on the new contract, who has been working in Gatwick for the best part of 18 months now, on the new tender process.
14. Q. And she's part of your team.
15. A. She's part of my team as well.
16. Q. Maybe we could start at the beginning with how the contracting actually starts, and then if you can tell us what you know about the particular contract, how that came about, what the main terms are that you think might be significant.
17. A. Clearly it was procured, I believe we had seven years – I'd need to check those numbers –
18. Q. 2009 is when it opened.
19. A. So nine years.
20. Q. And you were in from the beginning, were you?
21. A. G4S?
22. Q. Yes.
23. A. Correct.
24. Q. Did you build the building?
25. A. No.
26. Q. And at that stage you had also been running Tinsley for some time.
27. A. We had, yes.
28. Q. How long have you been running Tinsley?
29. Mr Marsden: It's early 2000, I think.
30. A. I believe so, because if my recollection is correct, that was brought online during the coalition government, it was Nick Clegg's brainchild to – that was Cedars, I'm talking about Cedars, sorry. Tinsley I think came on at a similar sort of time, and clearly Cedars was part of the estate but different.
31. Ms Lampard: Can you tell us anything about the contracting, anything significant about the contracting at that particular time?
32. A. It was pre- my time, I'm afraid, so it wouldn't be really fair for me to –
33. Mr Marsden: The contract term is ten years, is that a standard?
34. A. Yes, you typically see large government contracts between five and ten years. They are currently bidding for a new contract for a seven-year plus two.
35. Q. In terms of the finances, does that have a break clause in ? Ten years is a very long time.
36. A. Government don't like to give us break clauses, they like to have break clauses but they don't like to give us break clauses, they aren't mutual, and often extensions aren't mutual. Sensitive/irrelevant

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Sensitive/Irrelevant

Irrelevant It's clearly onerous for us, but if we have signed up to those terms at the point of signing up, we can't get out – if they invoke the extensions, we are bound by our contract to take them.

37. Q. And live with all the commercial pain that that includes.
38. A. Absolutely.
39. Ms Lampard: Tell us about transfer of risk.
40. A. Ten years ago the government and the market was in a very different place to what it is now. Outsourcing organisations, there was a belief from government to transfer all the risk over to outsourcing companies, and there was an appetite from outsourcing companies to take that risk in recompense for a suitable fee, and often that risk wasn't known, wasn't qualified and wasn't quantified at that stage.
41. The market has demonstrably changed, and especially within the last two to three years, and I can point to not only our activities in terms of mitigating importing risk into our business but those of our competitors. Rupert Soames, not last weekend, the weekend before when they announced their numbers, was very vocal in the press about the transfer of risk over to the private sector, and organisations won't accept it moving forward. If I can give you a really good example, of change of law: government is trying to push change of law provision as a standard term in their contracts, change of law into the private sector – it is government that changes the law, so why should we be expected to accept change of law?
42. There is a second component, which is around Cabinet Office guidance on transfer of risk. They have a very clear statement in their contracting guide, the model service agreement which is their contract of choice, which says, risk should be managed by those best suited to manage that risk, law, so why should we be expected to –
43. Q. What does that mean in terms of risk getting into the market and what they are prepared to take on?
44. A. It means, whilst the pipeline isn't terribly strong from government at the moment, and we don't have a lot of visibility of it, it means that we believe, well, we know, people are less willing to take the risk of such terms and conditions, so in terms of the marketplace, I think, unless things change quite demonstrably, government will see things coming to market at second or third generation, it will be wholly unattractive to the private sector and ultimately might not receive bids for it.
45. Q. What are government doing about trying to chivvy you up, keep you on side, browbeat you to go on?
46. A. We have a very good relationship at a senior level with Cabinet Office, so through our Crown representative and through senior stakeholders in Cabinet and through our new partnering Directors, so I have a relationship with Joe Mullaney—Merlini who is our Deputy Director Strategic Partnering Programmepartnering Director, and I meet with him monthly; Peter meets with him monthly and speaks to our Crown representative regularly. I sit on the chair for things like the BSA, Security and Home Affairs Committee, so we

engage with senior stakeholders, ministers, public servants through that process, and I think we are just consistent in our message.

47. We 'no bid' [] as incumbent, because what came to market was the transfer of risk was unacceptable, the volume cap, there was no volume cap, so we were effectively importing unknown risk into our business. That's not something that our shareholders will accept, and as I said before, we are very clear about that, we've had a clear mandate from our stakeholders through Peter, and Serco are exactly the same, and others in the marketplace.
48. Q. Can we go back, then, to the contract: you get a contract like Brook House, just tell us what it is you look at that contract for yourselves. I know you weren't involved in it but what would have been the key drivers in deciding what you put into your bid? Presumably it's the spec offered or suggested by the government, but you then tinker with it. What is it that you are outbidding Serco for?
49. A. Our differentiators, or win themes effectively, will be around - in the custodial environment it's quite interesting because what we would normally do in a commercial environment is look at the cost base, and our cost relates to people in these environments. Clearly with Gatwick there was a component of facilities and asset, we have to maintain the asset, so there is a component which we can use engineering skills and facilities management skills to look at the asset, the structure.
50. Q. So do you take on all the burden of maintaining and managing the asset?
51. A. Yes.
52. Mr Marsden: So Brook House and Tinsley are both yours to –
53. A. Yes
54. Ms Lampard: But you don't own them?
55. A. We don't own them, no.
56. Mr Marsden: And you can't do anything structural without their agreement?
57. A. Agreed. We would look after the boilers and the assets within that. Then the second component, and the main component, is around delivering a safe service, so the first thing we look at is the safety of those who we are looking after. We would do a bottom-up – I will talk about bottom-up in a minute – cost analysis of what it will cost us to deliver the specification as detailed by the Home Office, and then assure ourselves through our subject matter expertise, our very experienced custodial service delivery team, operations team, that we have a solution which we believe is a safe solution, irrespective of what the Home Office might have asked us to provide through the specification.
58. Ms Lampard: Will that sometimes include prior anticipation of the fact that you can produce less than the Home Office might think needs to be done?
59. A. There are two things to that: the reason they come to market is because they think they're going to get a cheaper price, so that is often the way and that is why often they re-assess the market. The second thing on that is, as incumbent, often you don't answer the specification because you know that the specification isn't actually what's happening on the ground, so being the incumbent can put you in a non-competitive position, because you won't

answer the exam question, you will answer what you know is happening on the ground.

60. **Mr Marsden:** And want to therefore cost it accordingly.
61. **A.** Let's just say, the specification says you need four officers to deliver this service. You know as incumbent because of the cohort of individuals you are looking after, the design of that wing, the levels of violence that there might be, etc., you know you can currently only deliver that safely with eight people. They will ask for four, and we will say 'it's not deliverable with four, so we will put eight in our model'. That makes you uncompetitive, so you are less likely to win the bid, but our governance won't allow us not to put in eight because our governance dictates that it has to be signed off by our operations team, who will ultimately be delivering this.
62. You have that tension between putting in a competitive, compliant bid, which is both compliant with the terms and conditions of what they're asking for and compliant with the service that they are asking for, often juxtaposed to what your commercial ambition is, to try and get to a winning price. That is where and how we build our governance.
63. **Ms Lampard:** So you might rob a bit of Peter to pay Paul, in other words, you may say to yourselves – correct me if I'm wrong – we're going to be uncompetitive on this because we know what this really requires, and it's more than the Home Office, so we will not spend quite so much on something, to try and flex it. Do you ever find yourself in a position where you are putting in a bid when you know that it's not doable.
64. **A.** No, categorically not, categorically and fundamentally not.
65. **Q.** What's to stop you from doing that?
66. **A.** The governance. The way commercial organisations are set up, I sit on the Executive and I go to all our regional investment committees, our divisional investment committees and group investment committees as a functional lead for Business Development, so my role is to win new business. Then I have an executive hat, which is, my role is not to import new risk into the business, and that is a competitive tension. But in order for me to submit a bid, I have to have it written by my team, who will want to get a competitive bid, and before it goes anywhere near our divisional investment committee, it will go through a number of project boards, which are chaired by the Chief Exec, they will be signed off by many layers of operations, including, for example, the latest bid for Gatwick, the operations teams, the Director of Gatwick as incumbent, and Jerry Petherick as Managing Director of the custodial estate. It's only at that stage, once they are all comfortable with the metrics with which we propose to submit our bid, it will then go for further challenge and review at divisional investment committee.
67. Something as large as Gatwick – and I'm sure you've had our authority matrix, or understand of its presence – will then go to group investment committee, which is exactly what this new bid will do. Levels of governance don't allow us to –
68. **Mr Marsden:** Gain the system.
69. **A.** No. I have absolutely no ambition, as Head of Business Development, to win business that's not sustainable.

70. **Ms Lampard:** So then there is the other side of the coin, which is about profitability and how you make those decisions about where you are going to be able to get profit from and how big they might –
71. **A.** We base our entire governance on cost, not on price, so our reviews are all about the cost base. You get the cost base right and get the solution right, whether that be productivity or whether that be man hours, whatever the metric may be, depending on the bid that we are looking at at the time, we build every single model on cost, and it's cost that we look at.
72. **Q.** Sorry to be stupid - what would be the difference between cost and price?
73. **A.** We apply a price, we apply the margin to the cost at the end, to assure ourselves of a certain return, but the biggest proportion by far is the cost, so we are looking at things like market rate for a security officer in the Gatwick area.
74. **Q.** Sorry, so when you use 'price', you mean price is what you're prepared to be paid. Sorry, I was thinking about what was the difference: if I go and buy four dustbins for your new –
75. **A.** My language, apologies. We are more concerned around the dynamics around what is going to impact the cost base, so if I can give a really live example, something like attrition could really impact our cost base, because we have to train people, we have to pay the market rate, Gatwick is a bit of a micro-economy in terms of Mitie have just won the new transporting contract, so they are changing the dynamics of the marketplace at the moment in terms of offering higher salaries for fewer hours.
76. **Mr Marsden:** From Tascor?
77. **A.** Yes. These things change quickly in the market.
78. **Q.** So suddenly what you thought was your cost base –
79. **A.** Is no longer your cost base, and that is why change of law and change of policy is so important, and that is why we need to be acutely mindful, and we've matured as organisations – we would have been perhaps a little naïve to some of those risks ten years ago, we're not now.
80. **Ms Lampard:** Let's go into the specifics of this particular contract, and how things change. I think the evidence we've had so far, although it's not clear, is that the Home Office insistence, in this case, was that you need two officers present on a residential wing during the time that the residents are not in their rooms, and over the time that this contract has been going on staffing has become more sophisticated, i.e. you have more people in it, and the sense was that four people were required on every wing to take account of things like people having to go on escort duty, you have to pay people to leave the centre, and you can see it all the time. How does that sort of revision get agreed? We've seen again that Lee takes the view that not only does he want four on each wing, but he needs some more people to be able to provide some of the activities, so he has upped it from 32 to 36 on a daily basis. Just talk us through how that decision would play out through the contract, how you would agree it with the Home Office, how it would be agreed here.
81. **Mr Marsden:** What impact it has on performance.
82. **A.** A really helpful way of doing this might be to look at the new contract, because it will give you an idea of how we operate. We are providing a price,

and we would have provided a price, to deliver a safe service for a set of individuals at a point in time. Effectively, they are saying, let's say, manage Brook House for a ten-year period, and price that accordingly. All the unknowns in that – we are looking ten years hence, and especially at the moment, Brexit – we have to take a view.

83. Indexation will cover some of that, so we will apply an indexation measure. Indexation is a really interesting measure because, for example, it doesn't cover national living wage at the moment, so living wage is increasing by more than CPI –
84. **Ms Lampard:** You said you built in –
85. **A.** Indexation. Indexation can be, as I'm sure you are aware, a number of metrics - CPI, RPI, national living wage, national average earnings, any of the above – but we have to be really clear that the level of indexation is applicable to that specific contract, so if we are looking at a cleaning contract, for example, cleaners are on national living wage. If CPI is at one per cent but national living wage is going up by two per cent we are losing one per cent, year on year, and over ten years that makes it an onerous contract.
86. We have to make sure the indexation is absolutely spot on, and that's when we come back to the terms and conditions around change of law and all those sorts of things, to make sure we have the right conditions in place, the right terms in place, so that if there is a binary change in legislation or policy, in terms of change of law, we can go back to the customer and recoup our costs under change control.
87. There is a change control mechanism, I'm sure you're aware of, where we would go and have a conversation with the client and say, look, due to a change of law, a judicial review that says we can no longer lock people up for these hours, we now have to let them open the doors from seven till eleven, our model doesn't cover that, so we now need 12 officers, not eight officers, you pay us for the extra four officers. If there is a fundamental change in the requirement, that will be detailed in the contract, or it certainly will be in the contract moving forward, because we won't accept things, moving forward.
88. **Q.** So you have a clause which preserves the right to renegotiate on fundamental terms.
89. **A.** It's called contract variation.
90. **Mr Marsden:** So when the Home Office say, a couple of years ago, 60 more detainees at Brook House –
91. **A.** They pay us for 60 more, it's a binary change in what they are asking us to do.
92. **Ms Lampard:** And the contract variation clause is probably quite a blanket clause.
93. **A.** Yes, and they're very useful, and used cleverly they are very good, they protect both parties. They allow flexibility to the contract – the government is entering into a ten-year contract, they don't know how many detainees they're going to use, they may need to double the size of Brook House. Clearly we're not going to do that for the same price as we're delivering half of it, so it's a very valuable tool, and one that can be well-used.

94. It often doesn't cover creep, it often doesn't cover "Can you just - ", those sorts of things, but that's where good contract management comes in, and that will be, not robbing Peter to pay Paul, but it might be, actually, "it's gone a little bit quiet in this part of the estate, maybe we could use those guys here". That is just good management and control.
95. **Mr Marsden:** Are those "Can you just -" conversations held at a lower level –
96. **A.** Yes, they are operational.
97. **Q.** And therefore creep up on contracting.
98. **A.** They can do. Charters is a really good example: on the current contract, where there is an absolute drive from the Home Office to increase removals, so they have ploughed a bunch of money and resource into increasing the charters to get increased removals. They are doing that at short notice, short order, through the night, which actually means we now have to get enough officers into the establishment to allow those withdrawals at any time of the day.
99. Whilst it's the ambition of the Home Office to do that, it impacts our cost base. That does creep up. If we don't know they're putting resource into getting increased removals, suddenly it's like, we've doubled the amount of removals in the last three months, it's at that stage you then probably start having a conversation to say, come on guys, this is a fundamental change, this is a variation, because my cost base has changed by x, and you have that management, and that's where the review sits.
100. **Ms Lampard:** While we're on that, there was a fundamental variation in this contract in that the Home Office asked you to take 60 more detainees in 2016, and as I understand it, that led to a discussion which meant that they were prepared to pay for 17 more officers.
101. **A.** Possibly, I don't know the detail.
102. **Q.** You don't know the detail, okay, but as I understand it, because of the nature of the detaining system, a separate pool of officers kept a different shift pattern, and only three people were ever recruited to that, so to what extent might the Home Office turn round and say, hang on a minute chaps, we negotiated that, you haven't used the money as we agreed?
103. **A.** Not specifically answering that question, but in principle, good contract management, in my view, is dependent on the utilisation of the whole resource to deliver a service, so if we were delivering a service – I'm not going to use the Brook House one – for 50 and they wanted us then to deliver a service for 100, we would manage that resource for the entirety. How that specifically rostered, etc., I've never been privy to, so I can't answer the question. My experiences through contract management and how I would expect solutions to be built up would be utilising the whole, where applicable, to deliver the service to the whole.
104. **Mr Marsden:** When you set your price there is obviously a profit margin built into that –
105. **A.** Applied at the end.
106. **Q.** Yes. Then the dynamics of the day-to-day, month-by-month management of the contract are that the centre Director, the management team, yield that profit, increase that profit.

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.

159. Q. And the suggestion is, of course, that quite a lot of other things were being disguised or not dealt with, in order to feed that bit, the corporate bit, but nevertheless there is the balanced score card which would suggest that he was probably quite good at, at least appearing to manage other things.
160. A. I guess that will come out in your report. Holistically, as an organisation, we measure contracts on a number of metrics.
161. Q. You measure contracts holistically.
162. A. Yes. Clearly, if there are four metrics, depending on how the contracts are performing, it may be the fact that if there has been an increase in self harm, the trading or ExCom would have a bias towards a discussion around, how do we address that? The flip side, if the numbers had fallen off the cliff for that month, the focus would be on profitability, and how do we support you on bringing that back in line, because we've made a commitment. We make a commitment at the beginning of the year to support people, our customers, our financials, so this is what I'm talking about, holistically, we would focus attention to where it's needed, as we see at that time.
163. Q. The other end of this conversation is, of course, about the Home Office, and our suggestion that the Home Office, for better or for worse, for understandable reasons, is very concerned about operational performance in quite a narrow band. It's about how many people are taken in, how many people are taken out, how quickly visitors, particularly professionals going in to deal with hearings get through the system –
164. A. And that is all KPI-ed, and will be more in the new contract.
165. Q. Is it your experience that the Home Office, by and large, places greater weight on those things than it does on whether the place is clean, whether residents are getting enough food, that sort of thing?
166. A. I think 'the Home Office' is too big a statement to say. Different parts of the Home Office focus on different parts of what they're interested in, and they actually work in silos. Commercial will be interested in the commercials, operations will be interested in operations, and then you can break operations into different areas as well – some will be more concerned about the people, some will be more concerned about the process, some will be concerned more about the removals. This brings me on to the biggest component of contracting with government is communication, and this is where in my experience of government, contracting fundamentally fails, or can fundamentally fail.
167. Let's take this increase in charters, or increase in removals. They may or may not communicate with us that they are injecting a bunch of money to a team to increase removals. That has a fundamental effect on our cost base, our operational model, what we need to do, so if they do that in a silo, with the outcome of, we suddenly then have to –
168. Mr Marsden: A storm of new demands.
169. A. Get people out in the middle of the night, or the through flow - a really good example, the through flow is such an increase that we can no longer get rooms empty to do a deep clean, that is pretty key. That impacts our KPIs, that impacts the operations team, so the Home Office, they may be achieving one of their priorities by getting the through flow, but the operations team on the ground that are dealing with cleanliness are then shouting at us because

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.

187. Q. How much autonomy did he have to say to you, this is what this is going to cost?
188. A. The reason we parachuted Lee in is because we knew he had the skills and the experience to understand what needed to be done to get it back on the straight and narrow. There would be no point in us parachuting him in, not to listen to him.
189. Q. Is what he's saying partly that more resource needs to go into it?
190. A. Absolutely.
191. Q. On a long-term basis?
192. A. Absolutely.
193. Q. Not just the recovery from *Panorama* but actually, you do need 36 people rather than the 32?
194. A. He has changed the staffing level down there. Can I ask a question: I know this is going to be recorded and –
195. Q. You are at liberty to ask us to turn off the tape and say something off the tape, you are also at liberty to tell us something that you would rather not be on the record.
196. A. Okay - it's commercially sensitive. *[Pause in recording]*
197. Mr Marsden: Any other competitor will be doing the same thing, wouldn't they?
198. A. One would like to hope so. I can't see anybody accepting such risk, moving forward. That information is –
199. Q. I don't know quite how to explain this, but relative to what they were prepared to pay ten years ago, is there continuous downward pressure on –
200. A. There is an ambition, procurement teams get paid on, for a reason, I don't think they can get a better price every time, but clearly costs are increasing, the currently get real time reductions. This is pretty much all about people, so the markets that we are in are about people – yes, there's a bit on property and there's a bit on cleaning, and there's a bit on IT and all that, but ultimately it's about –
201. Q. That's the big cost.
202. A. It's about getting officers on the ground, skilled and trained officers on the ground, and if you reduce your costs you are ultimately reducing your people, and you can only reduce your people so far. Yes, you can use technology and we have looked at innovative ways around using biotechnology and different access controls and all those sorts of things, you want your people to be working in the best possible way –
203. Q. Doing people –
204. A. Stuff.
205. Q. Yes, not manning doors.
206. A. If you can automate, or if you can use biotechnology, or whatever it may be, those things should be done. Clearly, there is an ambition to reduce costs, the government's bankrupt.
207. Ms Lampard: Yes, exactly, and as a taxpayer –

208. A. Yes, and we are.
209. Q. Just going back – sorry to keep banging on about certain things, but they are very important to us long term, while thinking over the whole of this piece of work. The original assessment of cost, and therefore price, for your original bid, would that have been formulated on the advice largely/wholly/ very much of Ben as the incumbent Director?
210. A. I don't know, sorry. All I can say is –
211. Q. Presumably an existing Director would have input?
212. A. What I was going to say was, the principle which we are working to on the new contract is Lee is the main adviser on cost for the existing contract, which would then be escalated with my team, Niki, who I mentioned earlier, the cost model would be built up. All those will have internal but independent reviews, and then they will go to Jerry for sign-off before we take it to Peter, and in this case, to Ashley.
213. Q. I'm getting the impression you're not able to deal for us on the specifics of what's in the contract in terms of did it include a cultural kitchen, what are the arrangements about cleaning, and all that sort of stuff, that's probably a local thing, that they will understand a bit better.
214. A. Apologies, I have no overview on that.
215. Mr Marsden: Who would be the right, would that be at Brook House that we would need to talk to?
216. A. Yes.
217. Ms Lampard: Then the only other thing I think I still have, that's in my mind, is - two things. The first one is about the fining regime: what's been said to us is that there is a tendency to take staff from Tinsley House and use them, they are operated anyway as a joint contract and were separate legally, and staff were being hauled in from Tinsley to man Brook House at times when staffing was very low, and that had a knock-on effect. One of the justifications for that happening was that the fining regime under the Tinsley contract was less onerous than the Brook House one. Do you know anything about that?
218. A. I don't know anything about the detail on that. I go back to my point around good contract management: you manage your finite resource to the best of your ability, not to the detriment of anybody or anything specifically.
219. Q. It's a judgement.
220. A. I would expect, and I pay good money to my contract management and our operations team, to manage the entirety, and how that delivers a safe, secure, profitable contract, based on the finite resource that is available at that time.
221. Q. Then the other issue, I suppose, is the central facilities that you have in G4S, outside contract. HR is one –
222. A. My team, BD, finance, legal –
223. Q. Yes. What about training and development? What sort of input is there in training and development, what sort of culture of training and development, what sort of expenditure on training and development?
224. A. All our legal requirements are always covered, in terms of that. We have a team that sit centrally that look after training and development, and all our

legal requirements, in terms of training, are covered, they are monitored, and
—

225. Q. What about development?

226. A. There are development programmes: global leadership, for example, and we're just re-developing that to be an 18-month process with an external award at the end of that, so that has changed.

227. Q. Who is that for?

228. A. That is for our leaders of the future. I would nominate members of my team. In fact, my direct reports' direct reports probably would be the cohort that we're looking at, that would certainly be contract manager or below, movers and shakers of the future, deputy contract manager-type positions. Whilst we look after people, we are a people organisation, so we do look at that. Could we do it more? Yes, my view is we could do more.

229. Q. The real issue for me is frontline management within the centre.

230. A. Often the challenge with the training and development piece is the balance of doing the day job and then developing themselves, and are people always given enough window to do the development piece, whilst doing the day job?

231. Q. And the answer is?

232. A. I would suspect, not always.

233. Q. Is it part of the cost of that contract?

234. A. Yes, it's budgeted at contract level, and mandatory compliance – that was the word I was a looking for. All mandatory training, external training, so for example, I know Lee is being put through an MBA at the moment, so there are specifics, and there are broader pan-UK&NI –

235. Q. There has been no development of frontline management within Brook House for a long time, and that shows, and I just wanted to know, was there a line in the budget that wasn't being used for that, or is it actually something that perhaps generally needs to be looked at more globally across the organisation?

236. A. I think it depends on the manager, and it's not a systemic piece. There is training put into the budget; is it used for training outside of non-mandatory training, I don't know. I think it's a case-by-case line management thing. I know I invest in my team.

237. Mr Marsden: When we spoke to Ashley, at the beginning of this piece of work, he described and didn't go into any detail, the Board having reviewed the risk profile – as I think he called it – of the business that I was considering or had considered and had reduced its tolerance for risk. Does that have an impact on custodial? Is there a view as to that future market?

238. A. Yes. We've just stepped away from [Sensitive/Irrelevant] as the incumbent, because we won't accept the terms and conditions, so if they continue to procure in this way, we won't bid. Think about it in terms of our business, think about it in terms of where Ashley . Where we sit is a little bit different, because we are fundamentally government, Care and Justice, clearly. Ashley's portfolio is seven per cent UK government, compared to Serco's, which is over 60 per cent. If they don't bid, they have a revenue issue, if we don't bid an onerous contract in government, Ashley doesn't really mind, because it he will just –

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]