



National Audit Office

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## **Memorandum**

for the House of Commons  
Home Affairs Committee

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## **Home Office**

The Home Office's management  
of its contract with G4S to run  
Brook House immigration  
removal centre

JULY 2019

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## What this memorandum is about

**1** In March 2019 the Home Affairs Select Committee (the Committee) asked us to look into the Home Office's management of its contract with G4S to run Brook House immigration removal centre at Gatwick in West Sussex.

**2** This memorandum focuses on answering the committee's specific questions and providing insight into the operation of the contract (**Figure 1**), specifically:

- the design of the contract;
- the operation of the contract by G4S; and
- Home Office oversight of the contract.

**3** To do so we have relied on the management information provided by the Home Office and G4S. In particular, we have reviewed the contract, the Home Office's management information about G4S's performance and a March 2018 Moore Stephens LLP report. We do not cover the value for money of the contract, and we have not undertaken our own audit of the treatment of detainees, quality of services provided or of G4S's billing and profits.

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### Figure 1

#### Home Affairs Select Committee requests

**In March 2019 the Home Affairs Select Committee asked us about the design of the Home Office's contract with G4S to run Brook House immigration removal centre, the operation of the contract and the Home Office's oversight of the contract**

##### The design of the contract:

- the type of contract and assumptions made about staffing, costs and volumes of work; and
- performance and quality indicators and the incentives and penalties.

##### The operation of the contract by G4S:

- how G4S has performed against the contract;
- the quality of staff training and activities provided for detainees at Brook House by G4S; and
- G4S's profits from the contract.

##### Home Office oversight of the contract:

- the monitoring arrangements put in place by the Home Office;
- validation and quality assurance of numbers reported by G4S; and
- the scope, methodology and findings of a review by Moore Stephens LLP.

Source: Letter from Home Affairs Select Committee to National Audit Office, March 2019

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## Background

4 Brook House is a 448-bed, male-only immigration removal centre near Gatwick airport in West Sussex. G4S has operated it under a contract with the Home Office since it opened in 2009. Immigration removal centres provide for the detention, care and welfare of people subject to Home Office immigration control. Brook House's physical security standards are among the highest of any immigration removal centre; the centre was built to the security standard of a category B prison.

5 An episode of BBC *Panorama* broadcast on 4 September 2017 showed covert video recordings made at Brook House by a G4S detainee custody officer. The programme showed G4S staff verbally and physically abusing detainees and making inappropriate remarks about them, and raised concerns about the management of Brook House and the welfare of detainees. The Secretary of State has asked the Prison and Probation Ombudsman to carry out a special investigation into the matters raised by *Panorama*.

6 Following the programme, the Committee took evidence from a former duty director at Brook House. He alleged that G4S inaccurately reported staffing levels, services provided and savings achieved. These practices allegedly helped G4S to generate higher profits on its contract.

7 In response, the Home Office told the Committee that it had no grounds to believe or suspect that any inappropriate practices in the financial management of Brook House had taken place. G4S told the Committee that it had commissioned Moore Stephens LLP to conduct a review of its billings, to investigate whether these were in accordance with the contract and to review its profits over the life of the contract.

8 The Committee asked the Home Office to provide the findings of the March 2018 Moore Stephens LLP review. The Home Office confirmed that it had read the review, but it decided that it could not share it because it belonged to G4S and contained commercially sensitive information. The Committee therefore asked the Comptroller and Auditor General for help (Figure 1).

# Summary

## Key findings

The design of the contract

**9 The Home Office contract requires G4S to operate, manage and maintain Brook House immigration removal centre.** The contract started in March 2009 and was extended in 2018 to end in May 2020. The contract's 223-page output specification sets requirements for G4S to meet. For some requirements, such as staff training, G4S must provide plans for Home Office approval. G4S is expected to pay all the costs of meeting the contract requirements. As at April 2019 the contract provided for 448 beds, of which about half were in use. The contract also requires a minimum staffing level. Since May 2018 G4S has aimed to have three detainee custody officers and one manager at all times on each of Brook House's four wings (paragraphs 1.2, 1.5, 1.7 to 1.9, 2.10 and Figures 2 and 4).

**10 The Home Office pays G4S around £13 million a year through a fixed monthly fee with deductions for performance failures.** The contract contains 30 performance measures, covering, for example, availability of facilities, substantiated complaints, cleaning, staffing and maintenance. G4S must report to the Home Office any failure to meet one of the 30 performance measures. The Home Office can decide to make a deduction of £18 to £30,000 (depending on the measure) from G4S's monthly fee for each failure. Failing to report a failure can incur an £895 penalty. Because the contract allows for a deduction for each failure identified, rather than setting a required level of performance, some level of deduction for poor performance is almost inevitable (paragraphs 1.9, 1.12 to 1.13, Figure 5, and Appendix One).

**11 In addition to the contract, G4S's management of Brook House is subject to other scrutiny, oversight, regulation and inspection.** G4S manages Brook House in line with statute and guidance including the Detention Centre Rules, Detention Centre Operating Standards, and Detention Services Orders. It is inspected by HM Inspectorate of Prisons. The Independent Monitoring Board scrutinise conditions in the centre on an ongoing basis. And a number of other Home Office teams are involved in providing oversight of the centre. Our focus in this memorandum is on the contract and the contract management (paragraphs 1.11, 3.17 and Figure 12).

## The operation of the contract by G4S

**12 G4S has broadly delivered to the terms of the contract.** The Home Office told us that it was generally pleased with G4S's overall performance. Deductions for underperformance have been relatively small (under 1.5% of the fee), although penalties are incurred almost every month and have increased slightly over time. Most penalties have been for failing to provide sufficient staff, communications, activities or cleaning. The two largest deductions have been £30,000 for an escape in March 2016 and £21,000 levied in January 2019 for items of undelivered mail. The Home Office chooses not to apply deductions for slightly less than half of the recorded performance failures due to extenuating circumstances (paragraphs 2.2 to 2.6 and Figures 6 and 7).

**13 The abuses documented in BBC's September 2017 *Panorama* were not a contractual breach and did not lead to substantial penalties under the contract.** Under the contract, the Home Office can only award deductions for specific incidents of underperformance. Inappropriate use of force or verbal abuse of detainees are not counted as a performance failure under the contract. The Home Office and G4S's investigation of the footage counted 84 incidents. Most of these were either already reported or were not required to be reported under the contract. However, the Home Office charged G4S £2,768 (less than 0.5% of the monthly fee) for eight incidents, four of which should have been previously reported. The Home Office concluded that the behaviour depicted in *Panorama* did not constitute evidence of systemic failures or a material breach of the contract and that it was not necessary to try to terminate G4S's contract (paragraphs 2.7 to 2.9).

**14 The contract requires G4S to provide both staff training and education to detainees but does not stipulate the quality required.** The content of staff training is set out in the staff training plan approved by the Home Office, but there are no penalties for not meeting this and there is no equivalent plan for the education of detainees. Following *Panorama*, G4S commissioned an external review of Brook House from Kate Lampard. G4S published this review in November 2018. The investigation found shortcomings with staff training and the education and activities provided to detainees, that were under-resourced (paragraphs 2.12 to 2.13, 3.13 and Figures 9 and 10).

**15 G4S told us it made an annual gross profit on the contract of 18% to 20% until 2016, falling to 10% in 2017 and 14% in 2018.** This is the revenue G4S receives minus the direct costs of operating the contract, before deducting any overheads such as HR, legal, finance or regional management. The Home Office is not entitled to any share of these profits. We have not benchmarked these profits to other contracts. The appropriate level of profit is not easy to determine, but should be linked to the risk G4S carries. It is not obvious from the scale of the possible performance penalties that G4S carries a particularly high level of financial risk on this contract, although its profits did fall following *Panorama* because it started to spend more on the contract (see paragraph 17) (paragraphs 2.16 to 2.21 and Figure 11).

## Home Office oversight of the contract

**16 The behaviour of staff shown in *Panorama* came as a shock to G4S management and the Home Office.** Although G4S had reported many of the specific incidents depicted, the contractual reporting did not communicate their severity. The undercover reporter had not used the whistleblowing mechanisms in place to report his concerns (paragraph 3.8).

**17 Immediately after *Panorama*, the Home Office and G4S agreed an action plan for how G4S would improve its management of the centre.** G4S and Home Office drew up the plan together and G4S formally proposed it in October 2017. Under the action plan, G4S dismissed staff, changed its initial training course, recruited extra staff, introduced body-worn cameras and reduced standard weekly hours for detainee custody officers from 46 to 40. It also commissioned the Kate Lampard review mentioned in paragraph 14 above. The Home Office did not formally serve G4S a 'rectification notice' (a notice requiring G4S to provide the action plan), meaning it would not have been able to terminate the contract had G4S not met the terms of its action plan. But the Home Office did closely monitor how G4S implemented the action plan. G4S presented its final report on its action plan to the Home Office in May 2018, and the last actions were implemented as part of the contract extension (paragraphs 3.9 to 3.12 and Figure 13).

**18 The contract was due to end in May 2018, but the Home Office agreed to extend it to May 2020.** The Home Office was due to award a new contract at the end of September 2017. But it decided to first pause and then cancel the procurement to take account of the then-emerging lessons. This meant extending G4S's contract two years beyond its allowable term, but enabled the Home Office to take account of lessons from the various reviews into Brook House in the design of the new contract (paragraphs 3.14 to 3.16).

**19 Until 2018, the Home Office did not have the people in place to properly verify or validate G4S's reported level of performance.** The on-site monitoring of G4S's contractual compliance was part of one executive officer's role (a junior civil servant), who sat in the detainee casework team and focused mainly on monitoring G4S's level of staffing. This was insufficient to enable the Home Office to properly examine G4S's self-reported performance, or challenge G4S on its management of the centre (paragraph 3.3).

**20 Since *Panorama*, in line with wider improvements across government, the Home Office has increased the size and role of its contract monitoring team.** In 2018, following an independent report by Stephen Shaw, the Home Office decided to strengthen the role of the on-site detainee engagement and casework team. It also decided, in line with a general strengthening of contract management across government and the National Audit Office's recommendations on contracting to strengthen its contract management role. It separated the contract management role from the team supporting detainee casework and increased the size of its on-site compliance team to six, led by a Grade 7 official (a civil service middle manager) (paragraphs 3.2 to 3.4 and Figure 12).

**21 The larger compliance team allows the Home Office to scrutinise G4S's self-reported performance and focus on other issues important to detainees.**

The new team monitors G4S's performance through daily walk-arounds of the centre, checks that G4S reports all the performance failures it is aware of, and agrees when and when not to apply a fee reduction for performance failures. It also challenges and monitors wider performance issues, such as the appropriateness of use of force by staff against detainees, even though this is not a strict contract compliance issue (paragraphs 3.5 to 3.7 and Figure 12).

**22 The work of the larger compliance team has also revealed some weaknesses in G4S's self-reporting.**

Most of G4S's reporting relies on manual processes and staff reporting problems. The Home Office noticed a few failures to report issues promptly, including when a table-tennis table was unavailable. G4S has agreed to improve its self-audit of its performance and has recruited a new business intelligence manager to improve its reporting (paragraphs 2.6 and 3.6 to 3.7).

**23 The 2018 review by Moore Stephens LLP found G4S's billing was free from material errors in the level of staffing, service levels and costs savings achieved.**

G4S commissioned a review by Moore Stephens LLP in response to the Home Affairs Select Committee inquiry on Brook House to confirm whether G4S's charges were accurate, complete and in accordance with the contract; and that G4S profits on the contract agreed with G4S's underlying books and records. The review covered 2012 to 2016 and found no material errors, meaning errors that it considered important or significant in context (paragraphs 3.18 to 3.20 and Figure 14).

**24 The Cabinet Office and Home Office have engaged the auditors EY to undertake a further review of the Brook House contract.**

This is part of a government-wide initiative to undertake open-book reviews to assess whether the delivery and charging of government suppliers are compliant with the contracts, laws and regulations. EY plans to provide its final report to the Home Office and the Cabinet Office later this year (paragraph 3.21).

**25 The Home Office has concluded that, in retrospect, the Brook House contract does not provide it with the levers it needs.**

The contract's performance incentives are not focused on many of the things that matter most to the Home Office and detainees, and the Home Office has not issued any rectification notices to drive improvement in other areas. The Home Office is currently procuring a new contract to manage Brook House from 2020 to 2028. Its intention is that new performance measures will cover staff recruitment, induction, training, mentoring and culture. It also wants to establish a contractual role for the Home Office to monitor the appropriateness of the use of force against detainees, and care of staff and detainees following an incident (paragraphs 1.14 to 1.16).

## **Concluding remarks**

**26** It is not within the scope of this memorandum to comment on the severity, causes or prevention of the staff behaviour brought to light by BBC *Panorama* in 2017 or the current safeguarding arrangements. But it is worrying that the normal contract monitoring and incident reports did not communicate the gravity of what was shown by the documentary. G4S and the Home Office have both taken steps to improve the management and oversight of the centre since. However, immigration removal centres remain a high-risk activity, and it is important that the Home Office remains vigilant in its oversight.

**27** The Home Office has since concluded that the contract as written is not fit for purpose. The inability of the Home Office to impose any significant financial consequences on G4S for the abuse of detainees highlights limitations in the contractual approach. While Brook House is also subject to regulation and scrutiny beyond the contract monitoring, if G4S had not wanted to demonstrate improvement, it would have been difficult to contractually enforce action. The Home Office is letting a new contract to start next year, presenting the opportunity to give more importance to issues of safeguarding, staff culture and staff training. Even so, it is vitally important that the Home Office continues its new approach of managing its provider to both the letter and spirit of its contracts.

# Part One

## The design of the contract

**1.1** This part covers:

- the background to Brook House;
- the type of contract;
- assumptions made about staffing, costs and volumes of work;
- performance and quality indicators; and
- incentives and penalties mechanisms.

### Background to Brook House

**1.2** Brook House is a 448-bed, male-only immigration removal centre near Gatwick airport in West Sussex, which opened in 2009. Immigration removal centres provide for the detention, care and welfare of people subject to Home Office immigration control. Brook House's physical security standards are among the highest of any immigration removal centre; the centre was built to the security standard of a category B prison. It is part of a cluster of detention facilities at Gatwick which includes one other immigration removal centre, Tinsley House, and pre-departure accommodation for families, adjacent to Tinsley House.

**1.3** Of the seven immigration removal centres in the UK, Brook House is one of six to have its management contracted out to private outsourcing firms.<sup>1</sup> It has been run by G4S under contract from the Home Office since it opened in 2009.

**1.4** Brook House holds two main groups of men: foreign national offenders who have served a prison sentence in the UK and are awaiting deportation, and those who are thought to have entered or stayed in the UK illegally. It has around 150 staff, mostly detainee custody officers (the centre's equivalent of a prison officer).

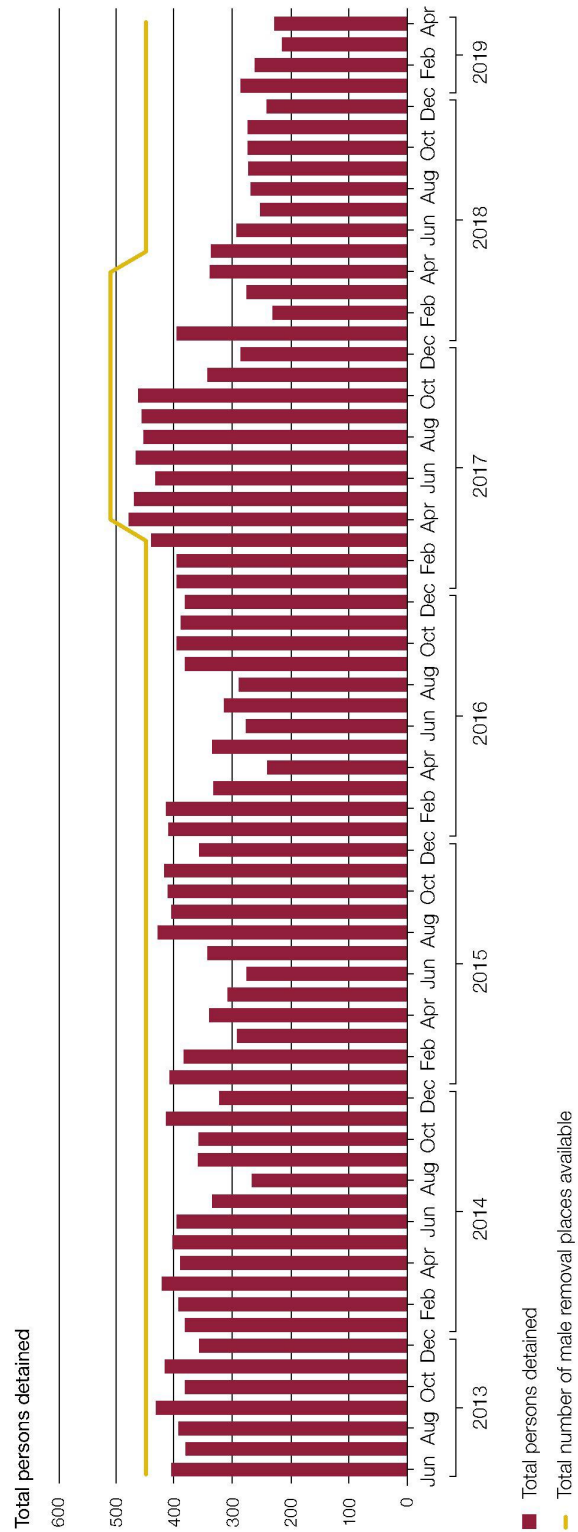
**1.5** Detainees at Brook House numbered 227 in April 2019 (**Figure 2** overleaf). There is substantial churn in the detainee population, and the number of men held has varied since 2013, peaking in 2017 and falling since the start of 2018. Occupancy has varied between 45% and 98%.

<sup>1</sup> The seven centres are Brook House, Colnbrook, Dungavel, Harmondsworth, Morton Hall, Tinsley House, and Yarl's Wood. Colnbrook and Harmondsworth at Heathrow are covered by one contract. Morton Hall is run by HM Prison and Probation Service on behalf of the Home Office.

**Figure 2**

Number of detainees held in Brook House, June 2013 to April 2019

The number of detainees has varied over time, peaking at 477 in April 2017



**Note**

1 Data show a snapshot of the number of detainees on one day in the month.

Source: National Audit Office analysis of Home Office documents



**1.6** Brook House is a challenging environment to manage (**Figure 3** overleaf). As well as some detainees self-harming, refusing food and fluids, and taking illegal drugs, there are assaults against staff and other violent incidents, including threats and verbal abuse and damage to centre property. Staff are allowed to use force against detainees in certain circumstances. While other immigration removal centres have similar challenges, the Home Office told us Brook House is the most challenging centre to run due to its security standard and detainee population.

## The contract

**1.7** G4S's contract with the Home Office to operate, manage and maintain Brook House started in March 2009 and is now expected to end in May 2020 (**Figure 4** on page 15). As was fairly typical at the time, it is an output contract: it includes a 223-page output specification containing high-level requirements and G4S's promise of how it will meet these.<sup>2</sup> G4S is also required to agree more detailed plans with the Home Office for a number of topics, including staff training and the use of force by staff against detainees. The output specification covers, for example:

- management and maintenance of services and facilities;
- security and safeguarding;
- detainee welfare and pastoral services; and
- catering, cleaning and escorting.

**1.8** Since the contract started, the Home Office and G4S have agreed 150 changes to keep it up to date. In May 2018, the Home Office extended the contract to May 2020, beyond the originally foreseen term of the contract.

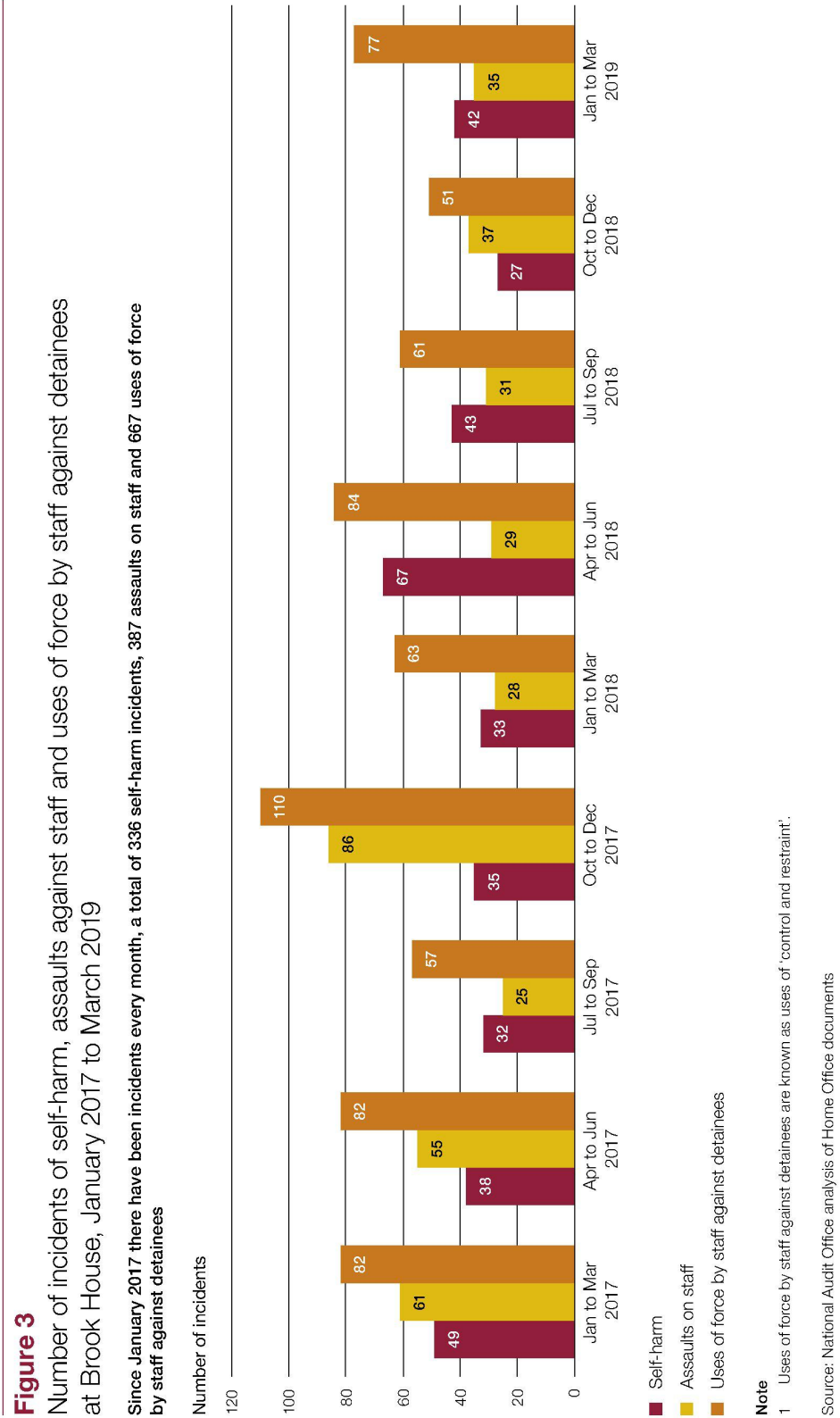
**1.9** The total lifetime value of the contract is £137.5 million, including the two-year extension. In 2018, G4S's revenue from the contract was £12.8 million. The contract operates on an 'open book' basis, allowing the Home Office to investigate G4S's costs and profits from operating the contract (see paragraphs 2.16 to 2.21 for information on G4S's profits on Brook House).

**1.10** G4S sub-contracts some activities to others. A contract to provide catering, cleaning and a shop for detainees is held by Aramark. Healthcare is supplied by G4S Health, part of the G4S group, through a separate contract with NHS England.

**1.11** Beyond the contract itself, G4S is subject to other rules in its running of Brook House, including the government's Detention Centre Rules, Detention Centre Operating Standards, and Detention Services Orders.<sup>3</sup> Brook House is also inspected by HM Inspectorate of Prisons, and the Independent Monitoring Board scrutinises conditions in the centre on an ongoing basis (see paragraph 3.17).






<sup>2</sup> Schedule D of the contract. The publicly available version is redacted.

<sup>3</sup> The Detention Centre Rules (2001) are a statutory instrument and are available at: [www.legislation.gov.uk/ukSI/2001/238/contents/made](http://www.legislation.gov.uk/ukSI/2001/238/contents/made)



**Figure 4**

## Summary of the Home Office's contract with G4S to run Brook House

<b>Overview</b> 	Contract description	Services contract for the operation, management and maintenance of the Brook House immigration removal centre
<b>Parties</b> 	Contracting authority	Home Office
	Supplier	G4S
<b>Term</b> 	Contract start	March 2009
	Contract term	8 years  Two extensions granted: 15 months in 2016 (February 2017 to May 2018) and 2 years in August 2018 (May 2018 to May 2020)
	Expected termination	May 2020
<b>Financials</b> 	Total contract value	£137.5 million (2009 to 2020)
	Financial profile	2018 actual revenue: £12.8 million  2019-20 expected revenue: £14 million
<b>Performance</b> 	Measurement approach	Monthly self-reporting by G4S of any failures against 30 measures, with compliance checks by the Home Office
	Examples	Failure to make available a full cleaning service  Availability of maintenance
	Key risks	Death, serious injury, escapes, riots, unrest, or the need to evacuate the centre  Not safeguarding detainees or operating the centre safely, securely or efficiently  Media attention or protests compromise safety and security or lead to the failed removal of a detainee  A delay in re-tendering means the next contract does not mobilise on time in May 2020  Increase in violent and disruptive behaviour

Source: National Audit Office analysis of Home Office documents

## Payment mechanism

**1.12** The Home Office pays G4S a monthly fee for operating the centre. This is calculated using a formula with various elements (**Figure 5**). The fee is indexed annually so has risen over time with inflation. G4S is responsible for all the costs of running the centre, including the costs of maintaining the building and replacing damaged equipment.

**1.13** The Home Office can reduce G4S's fee for each instance of a failure against 30 measures set out in the contract. These cover, for example, cleaning, staffing and maintenance. The full set of indicators is set out in Appendix One. Underperformance is failing to provide a service at all (for example, unavailable cells) or failing to meet a given standard (for example, a delay in producing a detainee for a meeting).

### Figure 5

#### Calculation of payments to G4S for running Brook House

**The Home Office's monthly payment to G4S consists of a fixed fee, minus a variable fee based on the number of detainees, minus any deductions for quality failings<sup>1</sup>**

Name	What it is and how it is calculated	Range	Example (April 2019) (£)
Fixed monthly fee	A set figure indexed to inflation each year	£828,190 in 2009, rising since	1,086,897
<b>minus</b>			
Variable fee	£2.30 per unoccupied place per day where the centre is below 80% occupied <sup>2</sup>	Up to £824 per day (up to around £23,000-£26,000 per month), as Brook House's maximum capacity is 448 detainees	(7,667)
<b>minus</b>			
Variable deductions for any standard failings	Points (10 to 1,000) for 27 failings, multiplied by a number indexed to inflation <sup>3</sup>	Subject to a maximum: the fixed monthly fee <b>plus</b> the variable fee	(18,992)
<b>minus</b>			
Fixed deductions for any serious failings	Penalties for incidents of escapes, self-harm by a detainee resulting in death, or failures to provide a list of documents	£500 to £30,000 per incident (no maximum)	(0)
<b>Total</b>			<b>1,060,238</b>

#### Notes

<sup>1</sup> See Appendix One for details of possible quality failings. Figures exclude VAT.

<sup>2</sup> £2.30 has risen over time with inflation.

<sup>3</sup> For example, if G4S were served with a notice for health and safety failings, it would incur 500 points and the Home Office could deduct £895, or less, if it decided mitigating circumstances applied.

Source: National Audit Office analysis of Home Office documents

## **The future contract**

**1.14** The Home Office told us that, in retrospect, it now believes the Brook House contract was not set up to achieve the outcomes it wants to see. The contract ends in May 2020, and the Home Office is currently procuring the next contract. The advertised value is £260 million and it will run for eight years with a possible two-year extension to 10 years. The Home Office expects to complete the re-procurement process later in 2019, with the new contract signed in February 2020, ahead of the May 2020 start date.

**1.15** The Home Office plans for the new contract to bring several changes to its contractual approach including:

- specifying staffing inputs (the number of staff expected on each wing) as well as outcomes (such as cleanliness);
- changing the performance indicators to provide a more rounded view of detainee experience; and
- linking the provider's level of profit on the contract to its performance. This requires effective use of open-book contracting and the staff to do so, but can improve incentives, while limiting the provider's risk.

**1.16** The draft performance indicators include the failure to ensure staff are trained, inducted and mentored appropriately; the failure to ensure staff adhere to the staff culture and conduct policy; and the failure to perform sufficient or timely recruitment processes. A revised measure expands the Home Office's contractual role beyond monitoring the timeliness of reporting on the use of force by staff against detainees ('incident reports', see Appendix One), to also cover the appropriateness of the use of force, and care of staff and detainees following an incident.

## Part Two

### The operation of the contract by G4S

**2.1** This part covers:

- how G4S has performed against the contract;
- the quality of training provided to staff at Brook House by G4S;
- the quality of activities provided by G4S for detainees held at Brook House; and
- G4S's profits under the contract.

#### The performance of the contract

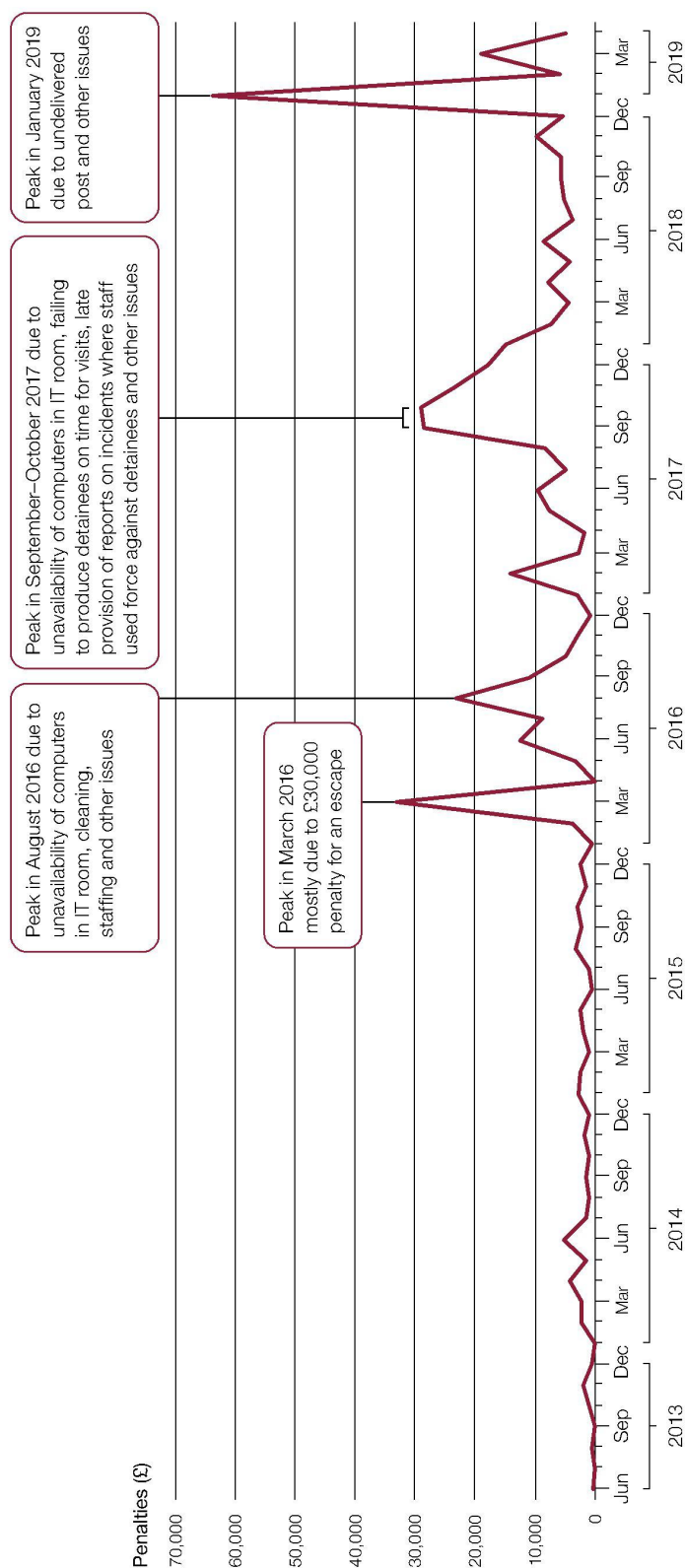
**2.2** The Home Office told us that, overall, it believed G4S was delivering the current contract to operate Brook House well. It did not consider the deductions for underperformance to be indicative of significant poor performance. G4S and the Home Office both told us their relationship was good.

**2.3** The Home Office has deducted small amounts from G4S's fees for poor performance in almost every month of the contract (**Figure 6**). These deductions have been relatively small at under 1.5% of the fee. Between June 2013 to April 2019 G4S incurred a total of around 270,000 points, representing £483,000, covering around 3,000 incidents. The number of points and incidents have slowly risen over time. In the 2018-19 financial year, deductions were around £12,000 per month, ranging between a monthly low of around £4,000 and a high of around £64,000, compared with monthly payments of around £1,000,000 excluding VAT (see Figure 5).

**2.4** G4S and the Home Office both told us that most deductions are prompted by G4S self-reporting incidents, rather than the Home Office's checks picking up on failings that G4S did not report or was not aware of. G4S told us it believed that several factors explained the increase in penalties over time. These include:

- an increase in the number of detainees up to 2017 (it has since declined);
- the Home Office's detainee engagement team seeking more meetings with detainees in late 2017 before G4S increased the number of staff (G4S received deductions for failing to produce detainees on time for visits); and
- a larger and more active Home Office compliance team on site from 2018 onwards (see Part Three).

**Figure 6** Deductions for underperformance at Brook House, June 2013 to April 2019



## Notes

- 1 Final agreed penalties are shown, after the Home Office agreed to accept some of the extenuating circumstances described by G4S.
- 2 When G4S believes a failure was the fault of a subcontractor, it attempts to recover the cost from the subcontractor.

Source: National Audit Office analysis of Home Office documents

**2.5** The Home Office agreed not to apply a deduction in almost half of all possible cases due to extenuating circumstances. These mitigations cover a wide range of circumstances. For example: G4S failed to lock a door, but in an area off-limits to detainees; or an amenity was unavailable, but only for a few hours; or it failed to escort a detainee to hospital, because he felt better. The Home Office's records are not always clear on what criteria it has applied in deciding whether to apply a deduction or not. Although many of the recorded extenuating circumstances clearly put the failure beyond G4S's control, it is not good practice to have to negotiate the application of a performance framework as it is a sign that the expected level of performance is not clear.<sup>4</sup> It can encourage a confrontational approach and can weaken the financial incentives.

**2.6** Most (83%) deductions in financial year 2018-19 related to failures to provide communications, activities, cleaning and key or lock security. The largest penalties applied were £30,000 for an escape in March 2016 and the discovery in January 2019 of items of post that had not been delivered to detainees (**Figure 7**). Most of the recent deductions for activities related to a table-tennis table, which the on-site Home Office team discovered was unavailable in early 2019.

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### **Figure 7**

G4S's second largest financial penalty for a contractual failing at Brook House

#### **In January 2019 G4S was deducted £21,000 for failing to distribute items of post to detainees**

Detainees who appeal their removal need to be able to communicate with their lawyers and the immigration system. Under its contract with the Home Office G4S must make a "full communication service" available to detainees, defined as the availability of visits, mail, fax and telephone. If it does not, it can receive 300 points per day, which in 2019 means a deduction of £537 per day.

In January 2019, after the Home Office's compliance team identified a box which had been taped up, G4S found 39 items of post and reported this to the Home Office. The Home Office and G4S discussed possible mitigations for this. The contract offers the Home Office some flexibility to decide how many points to apply for failings. G4S told us that other detainee mail was delivered as expected by the contract.

The Home Office could have counted the 121 days between the discovery of the post, and the postmark on them, but instead counted the number of items. It then calculated a penalty of £57,996, which it reduced to £20,943 after discussion, and deducted from G4S's payment for the month.

#### **Note**

1 In March 2016, G4S incurred a larger, £30,000 penalty, when a detainee escaped from Brook House.

Source: National Audit Office

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4 National Audit Office, *Commercial and contract management: insights and emerging best practice*, November 2016.



## Performance penalties for the findings of *Panorama*

**2.7** The Home Office and G4S analysed the *Panorama* episode shown in September 2017 and counted 84 separate incidents, some of which related to different aspects of the same event. Of these the Home Office found that around half did not depict failings against the letter of the contract, but rather the spirit of the contract. The Home Office concluded that the behaviour depicted in *Panorama* did not constitute evidence of systemic failures or a material breach of the contract and that it was not necessary to try to terminate G4S's contract.

**2.8** Some incidents related to the inappropriate use of force and language. The inappropriate use of force and the use of inappropriate language are not themselves contractual performance measures. The Home Office does measure the timeliness of the reports G4S is required to write each time its staff use force against detainees, and reviews a sample of incidents each week, including video footage and reports on incidents.

**2.9** Most of the uses of force by staff against detainees shown in *Panorama* were already known to G4S and the Home Office. Of the 84 incidents, the majority had not been previously reported under the contractual performance and incident reporting, but the Home Office agreed G4S did not have a responsibility to report most of them. The Home Office and G4S agreed penalties for eight incidents, four of which should have been reported under the contract:

- four incidents it treated as if they were serious substantiated complaints; and
- four incident reports that were not filed.

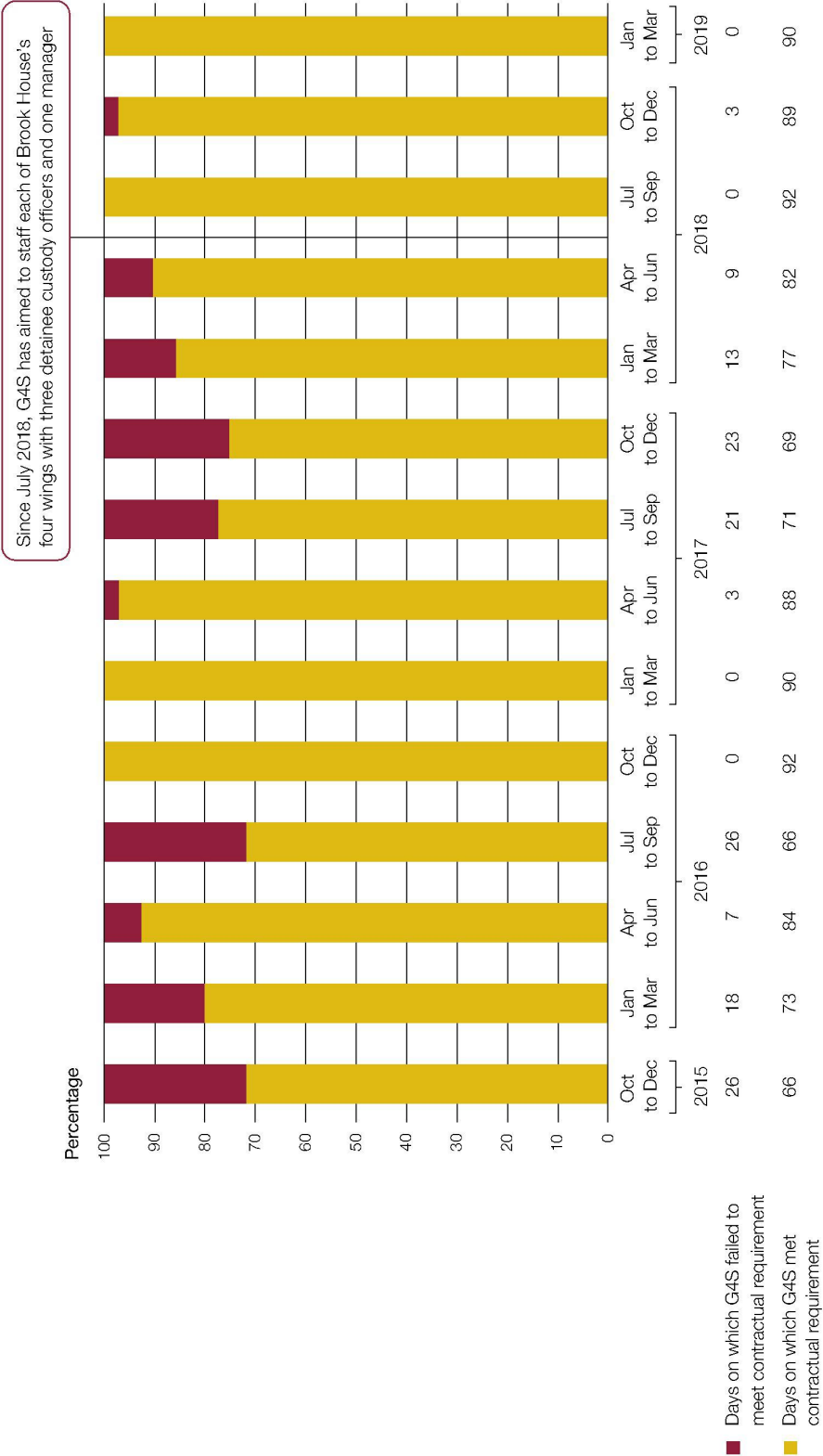
These are two of the 30 performance measures (Appendix One). It therefore charged £2,768 in service credits to G4S for failings identified by the programme, which represented less than 0.5% of G4S's monthly fee for running Brook House.

## Staffing requirements

**2.10** The contract sets minimum staffing requirements to operate the centre, rather than a set staffing complement. The centre requires 24-hour staffing, with more staff on duty between 8am and 9pm, and the availability of at least 14 staff on duty with advanced training in the use of force against detainees. The minimum staffing requirements vary by grade (detainee custody officer or manager), time of day, day of the week and how full the centre is. The contract does not require staff to be located in particular wings, but since July 2018 G4S has aimed to staff each of Brook House's four wings with three detainee custody officers and one manager.

**2.11** At times G4S has struggled to provide the required number of staff (**Figure 8** overleaf). We found that G4S often exceeded its minimum requirements, but between October 2015 and April 2019 in 12% of days, and for at least one day in 61% of months, it fell below contractual staffing requirements.

**Figure 8**  
G4S performance against contractual staffing requirements for Brook House, October 2015 to March 2019  
G4S often exceeded minimum requirements, but in 12% of days it fell below contractual staffing requirements



**Note**  
1 Data show the percentage of days on which G4S fell below 95% of staffing requirements. G4S is liable for penalties only if staffing falls below 95% of requirements.  
2 Between 1 January and 30 June 2019, there were no days on which G4S fell below contractual staffing requirements.

Source: National Audit Office analysis of G4S data

## Staff training

**2.12** The contract requires G4S to “ensure that all staff are fully trained to meet the requirements of their jobs”; provide the opportunity for National Vocational Qualification training; provide certain induction and refresher courses; and ensure sufficient staff are trained in advanced control and restraint techniques.

**2.13** The contract does not contain performance indicators on staff training or specification for the quality of that training. However, in 2017 G4S commissioned consultants to assess its management, operational and staffing arrangements, and the practices and behaviours of G4S staff at Brook House (paragraph 3.13). Their findings on staff training are set out in **Figure 9**. G4S has since taken action to improve the quality of its training (paragraph 3.10).

## Detainee education

**2.14** The contract requires G4S to “encourage and provide a detainee with an opportunity to participate in activities [...] designed to provide for their recreational and intellectual needs and the relief of boredom” to “reflect the age, cultural and ethnic needs of the detainee population”. These activities must include a range of education, recreation and physical activities for detainees.

**2.15** The contract does not specify the required quality of educational activities. There is a performance measure for the availability of activities, but not the availability of education specifically. However, the Independent Monitoring Board and G4S's own consultants have reported on the education provided to detainees (**Figure 10** overleaf). The Independent Monitoring Board's most recent, June 2019 report noted that a consistent run of education programmes was on offer in 2018.

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### Figure 9

G4S's consultants' scrutiny of staff training at Brook House

**A 2018 report by Kate Lampard and Ed Marsden, supported by consultants Verita, covered staff training and reached mixed findings**

All new staff recruited as detention custody officers at Brook House undertake an eight-week initial training course. This comprises a six-week classroom-based course, followed by one week shadowing an experienced member of staff, then one week working with support from an experienced member of staff. The consultants heard of recruits who had not passed their initial training, suggesting some rigour in the training process.

Once trained and established in their roles, officers must attend refresher courses annually. This covers security awareness, assessment care in detention and teamwork,<sup>1</sup> contact management and racial awareness.<sup>1</sup> The consultants found that a lack of staff, including a lack of training staff, meant this was not always happening, with 72% of staff up-to-date with refresher training in January 2018.

The report also found that not all of those delivering initial and refresher courses were appropriately qualified, and that no quality assurance was undertaken of the delivery of training sessions.

#### Note

- <sup>1</sup> An 'assessment, care in detention, and teamwork' document is opened if it is believed that a detainee is likely to harm himself.

Source: National Audit Office analysis of Lampard and Marsden, *Independent investigation into concerns about Brook House immigration removal centre*, November 2018

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**Figure 10****Findings of independent scrutiny on activities for detainees at Brook House**

**The Independent Monitoring Board and Kate Lampard and Ed Marsden, supported by consultants Verita, have identified shortcomings in the provision of activities for detainees**

G4S's contract with the Home Office requires it to provide a range of education, recreation and physical activities for detainees. The contract sets out that facilitators will be available at published times to deliver a wide range of subjects including IT, art and crafts, internet provision, library access, and team and individual games.

Brook House facilities for use by detainees include a chapel, a mosque, a multi-faith room, a quiet room, an arts and crafts room, a music room, a classroom, two IT rooms, a library, a gym, three courtyards used for sports and games, a shop, a cinema room and a barber's room.

In May 2018 the Independent Monitoring Board reported that the main course offered was instruction in basic English (ESOL), accounting for two-thirds of courses attended. Other courses offered included Spanish and Italian, life in the UK, anger management, CV writing, numeracy and IT skills. Average attendances were 1,690 per month. In June 2019 the Board reported that a second teacher had started and that a room had been adapted into a second classroom.

The investigation by Lampard and Marsden reported that activities for detainees were under-resourced, poorly-managed and compromised by staffing problems. The report found that a lack of space and equipment meant that teachers struggled to deliver a worthwhile programme to detainees; that detainees were not able to obtain qualifications from paid work undertaken at Brook House; and no certificates or other recognition were given for their work.

The consultants concluded that activities available to detainees did not meet the standard prescribed by the Detention Centre Rules, and that the lack of activities and opportunities for exercise presented a risk to detainees' welfare and well-being and to the safety and security of the centre. Following an inspection of Brook House in May to June 2019, HM Inspectorate of Prisons plans to report on progress later in 2019.

Sources: National Audit Office analysis of Independent Monitoring Board, *Annual Report of the Independent Monitoring Board at Brook House IRC for reporting Year 2017*, May 2018; Independent Monitoring Board, *Annual Report of the Independent Monitoring Board at Brook House IRC for reporting Year 2018*, June 2019 and Lampard and Marsden, *Independent investigation into concerns about Brook House immigration removal centre*, November 2018

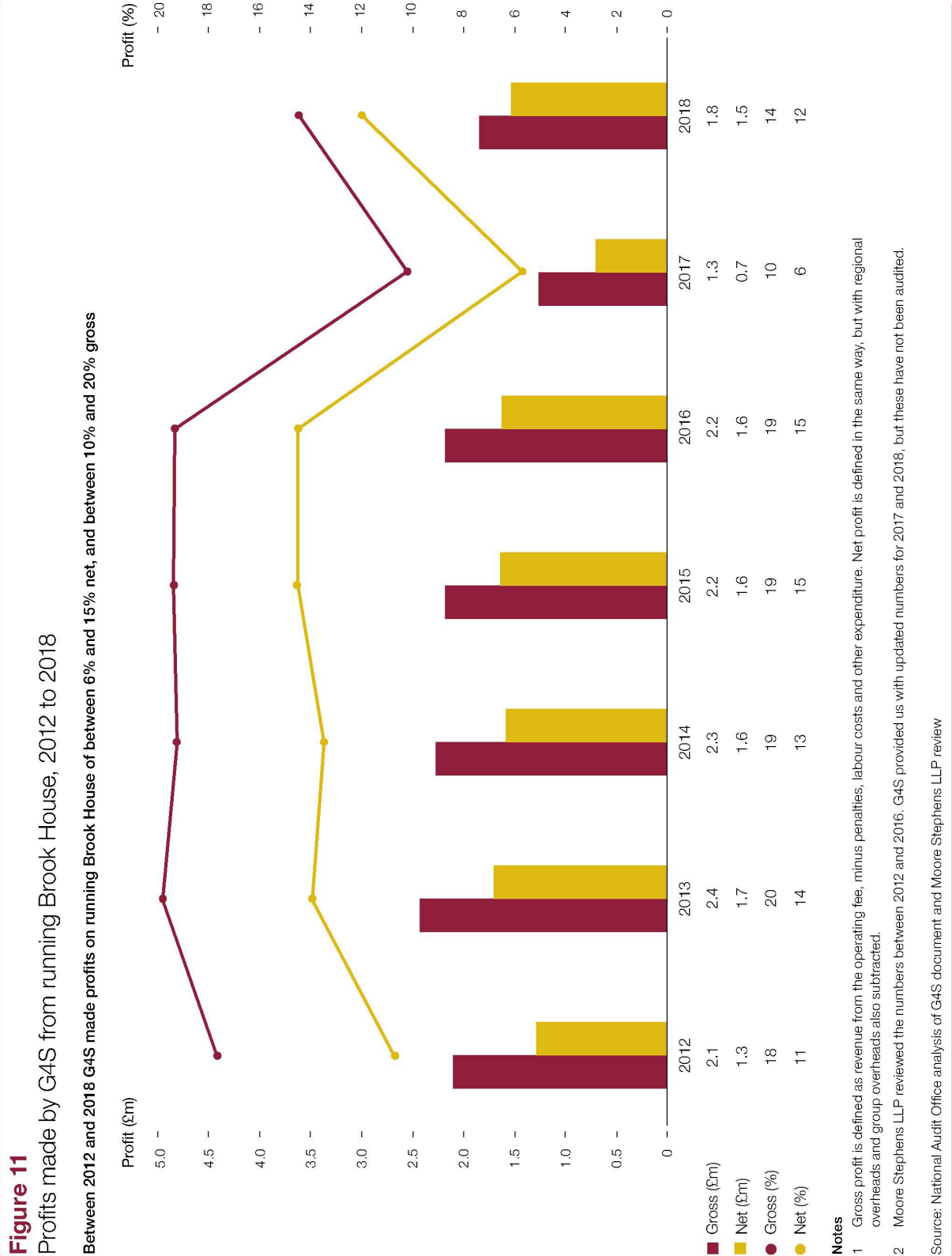
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**G4S's profits under the contract**

**2.16** According to information provided by G4S, G4S made £14.3 million gross profit on running Brook House between 2012 and 2018.<sup>5</sup> In the period up to 2016 covered by the Moore Stephens LLP review (paragraphs 3.18 to 3.20), G4S's annual gross profits ranged between £2.1 million and £2.4 million, representing between 18% to 20% gross profit (**Figure 11**). G4S spent more on the contract following the *Panorama* episode in September 2017, and its gross profit fell to £1.3 million (10%) in 2017 and £1.8 million (14%) in 2018.

**2.17** This gross profit reflects the revenue G4S receives on the contract minus the direct costs of operating the contract, before deducting a share of overheads such as central human resources, legal and finance teams or regional or group management.

5 All the information on the profitability of G4S's contracts has been provided by G4S. Figures for 2012 to 2016 were reviewed by Moore Stephens. We have not audited any of the figures to verify them against G4S's underlying records and accounts.



**2.18** G4S's net profit on the contract over 2012 to 2018, following the deduction of a share of regional and group overheads, was 6% to 15% (Figure 11). The 6% to 15% net profit on Brook House compares to G4S's overall 6% profit (Earnings Before Interest, Tax and Amortization) that G4S disclosed in its audited accounts for its security division in 2017 and 2018. However, G4S does not separately disclose its profits on public sector contracts from the profits of its private sector security work, which includes some much simpler security contracts with lower margins.

**2.19** According to Moore Stephens LLP (paragraphs 3.18 to 3.20), Brook House has been the least profitable of G4S's facilities at Gatwick. At Tinsley House immigration removal centre, G4S's gross profit ranged between 26% and 43% in the period 2012 to 2016, and net profit between 19% and 28%. Profits on the Cedars pre-departure accommodation, which closed in 2016 due to low use, ranged from 21% to 60% gross or 15% to 55% net between 2012 and 2016. The other centres were more profitable because most of the senior management costs for the three Gatwick centres sat within Brook House, and Brook House has higher spending on security and maintenance. The profit on Cedars increased as its use declined, until it was closed.

**2.20** The Home Office is not entitled to a share of G4S's profits under the contract. If G4S is able to substantially reduce its operating costs through new technologies or other investment then the Home Office and G4S agree how to share the savings, and G4S's monthly fee is reduced accordingly. This has happened once with investment in a key vending technology. But this savings mechanism is unrelated to how much profit G4S makes.

**2.21** It is difficult to say exactly what an appropriate profit would be. We have not benchmarked G4S's profits on its Gatwick immigration removal centres to G4S's other contracts or those of its competitors. Profit should reflect the risk on the contract, so that generally the more risk the contractor carries, the higher the potential profitability of the contract. It is not obvious that G4S carries a particularly high level of financial risk on this contract given the low level of financial penalties available, but its profit did fall following *Panorama* as it spent more on the contract.

# Part Three

## Home Office oversight of the contract

**3.1** This part covers:

- the Home Office's monitoring arrangements for the contract;
- the Home Office's monitoring of G4S's action plans; and
- the scope, methodology and findings of the Moore Stephens LLP review (March 2018).

### Home Office oversight arrangements

**3.2** The Home Office's oversight of Brook House involves multiple teams (**Figure 12** overleaf). Day-to-day it includes both an on-site team responsible for daily oversight of G4S's management of the centre and an off-site commercial senior executive officer (a junior manager) responsible for management of the contract. The Home Office formally meets with G4S on a weekly, monthly and quarterly basis, each with escalating levels of seniority.

**3.3** Before April 2018, the Home Office on-site team at Brook House focused almost exclusively on supporting Home Office immigration casework teams in their interactions with detainees. One executive officer (a junior civil servant) spent part of their time overseeing the contract, concentrating on G4S's compliance with the minimum staffing requirement in particular. It was not able to sufficiently examine other areas of self-reported performance, or challenge G4S on its management of the centre.

**3.4** Following the Stephen Shaw review (see paragraph 3.16) the Home Office decided to improve its management of its on-site operations, including strengthening the role of its on-site detainee engagement team. In parallel, following National Audit Office recommendations<sup>6</sup> and general improvements in the Government Commercial Function,<sup>7</sup> the Home Office also decided to improve its monitoring of the contract. In April 2018, it split its on-site team into a detainee engagement team supporting detainees' immigration casework and a contract compliance team. The compliance team now comprises four executive officers, one higher executive officer and one senior executive officer, led by a Grade 7 official (a civil service middle manager).

<sup>6</sup> For example: National Audit Office, *Transforming government's contract management*, September 2014, and National Audit Office, Home Office and Ministry of Justice: *Transforming contract management*, September 2014.

<sup>7</sup> National Audit Office, *Departmental Overview: Commercial and Contracting 2017-18*, December 2018. Available at: [www.nao.org.uk/report/departmental-overview-commercial-and-contracting-2017-18/](http://www.nao.org.uk/report/departmental-overview-commercial-and-contracting-2017-18/)



**Figure 12**

## Home Office oversight of Brook House

**The Home Office monitors contractual performance day-to-day, and issues escalate to weekly, monthly and quarterly meetings**

Frequency	Teams involved	Nature of oversight
Daily <sup>1</sup>	On-site compliance team	'First line' risk management: reviews paperwork from an office, such as records of training undertaken by G4S staff, but also walks the site. Team members note service failings if they observe them. For example, the Home Office told us that a member of the team accompanies G4S on a daily cleaning inspection.
	Commercial team	Oversees the contract, including payments.
Weekly	On-site compliance team	Working-level meetings to discuss performance points, possible mitigating circumstances and other issues.
Monthly	Commercial and on-site compliance team	Attends monthly operational review meetings to discuss performance, finances, action plans and possible changes to the contract.
	Detention and escorting security team	Reviews data provided by the on-site compliance team on the use of force by G4S staff against detainees.
Quarterly	Commercial and on-site compliance team	Quarterly contract review meeting: focuses on contractual and commercial issues. It also includes operational issues escalated from monthly meetings.
	Commercial, on-site compliance team, crown representative, senior civil servants	Meeting of the Executive Oversight Board, which discusses all Home Office contracts, including performance, activity and profits; and wider policy issues such as the use of small and medium sized subcontractors.
Annual	Detention and escorting services audit and assurance team	Carries out annual reviews as part of 'second line' risk management.
Periodic	Professional standards unit	Investigates some complaints made by detainees.
	Internal audit	Carries out reviews as 'third line' of risk management.
	Detention and escorting security team	Carries out inspections and investigations.

**Notes**

1 Includes weekends.

2 Performance on facilities management is also reviewed by the Ministry of Justice on the Home Office's behalf.

Source: National Audit Office analysis of Home Office documents and interviews



**3.5** The on-site compliance team receive and review G4S's performance reports and checks they are complete against their own knowledge of performance gained by walking the centre. However, they do not verify G4S's performance reporting against independent data, such as a cleaning audit or automated data on detainee use of activities.

**3.6** The Home Office and G4S told us they had concerns over the quality of some performance data provided by G4S. G4S's systems are reliant on manual processes and staff reporting problems. For example, the Home Office found that G4S failed to report that a table-tennis table had been removed for several weeks. G4S told us it had agreed to improve its own audit of its performance reporting and had recently recruited a business intelligence manager to carry out due diligence on management information.

**3.7** The on-site compliance team can raise issues and make recommendations to G4S in areas not covered by the contract. They maintain a separate issues log to the contract performance dashboard, which lists a range of problems at Brook House that do not represent contractual failings. The compliance team told us that most incidents leading to penalties were straightforward, and that meetings with G4S focused on the significant issues in the log rather than the award of penalties.

### **Home Office monitoring of G4S's action plans since *Panorama***

**3.8** The inappropriate behaviour of some G4S staff shown in the BBC *Panorama* investigation in September 2017 came as a shock to the Home Office and G4S management. Although the Home Office was aware of the use of force by G4S staff against detainees, it was not aware of the way force was being used, the language used against detainees, or the cultural failings the footage implied. While the contract management information and incident reporting that we reviewed showed that incidents occurred, the descriptions of these in the papers did not convey the gravity of the footage shown by *Panorama*. The undercover reporter for *Panorama* had not used the whistleblowing mechanisms in place to report his concerns.

**3.9** G4S suspended 10 staff immediately after *Panorama* aired. Over the next year, 14 staff, including the 10, either resigned or were dismissed by G4S. G4S also brought in a new management team for the centre, with a new centre director in post on 25 September 2017.

**3.10** G4S's new management team concluded that the centre was difficult to run with the then level of staffing and detainees at Brook House. The Home Office and G4S drew up an action plan together, setting out how G4S would improve its management of the centre. G4S formally proposed and agreed it with the Home Office in October 2017. This included 71 actions that G4S would take and report on to the Home Office over the following months (**Figure 13**), across six areas:

- **Staff recruitment and retention**, including new recruitment and agreeing with the Home Office as part of agreeing an extension to the contract, a change to the standard number of contracted weekly working hours for detainee custody officers, from 46 to 40, with no change in pay, meaning higher pay per hour.
- **Staff training and development**, including changes to its initial training programme for detainee custody officers, refresher training courses and mental health first aid training for all staff.
- **Management structure**, reviewing the performance of managers, which led to G4S replacing most of the centre's senior management and introducing staff rotation;
- **Reporting and governance**, including introducing automatic reviews for staff involved in three complaints or uses of force, and introducing body-worn cameras.
- **Drug strategy**, including random staff searches.
- **Detainee experience and environment**, including introducing wing surgeries with detainees and recruiting two additional education managers.

**3.11** The Home Office did not serve a formal rectification notice to G4S. Such a notice can be served for any failing against any part of the contract, including the Detention Centre Rules, and would require G4S to provide an action plan similar to the one it offered. Without a formal rectification notice, the Home Office could not have easily terminated the contract had G4S not met the action plan. The Home Office has not in general used rectification notices to drive improvement on the contract. The Ministry of Justice told us it found rectification notices an important and effective measure in its management of prison contracts.<sup>8</sup>

**3.12** G4S provided its final report against the action plan to the Home Office in May 2018, after which some ongoing work was included in the changes made as part of the two-year contract extension in July 2018.

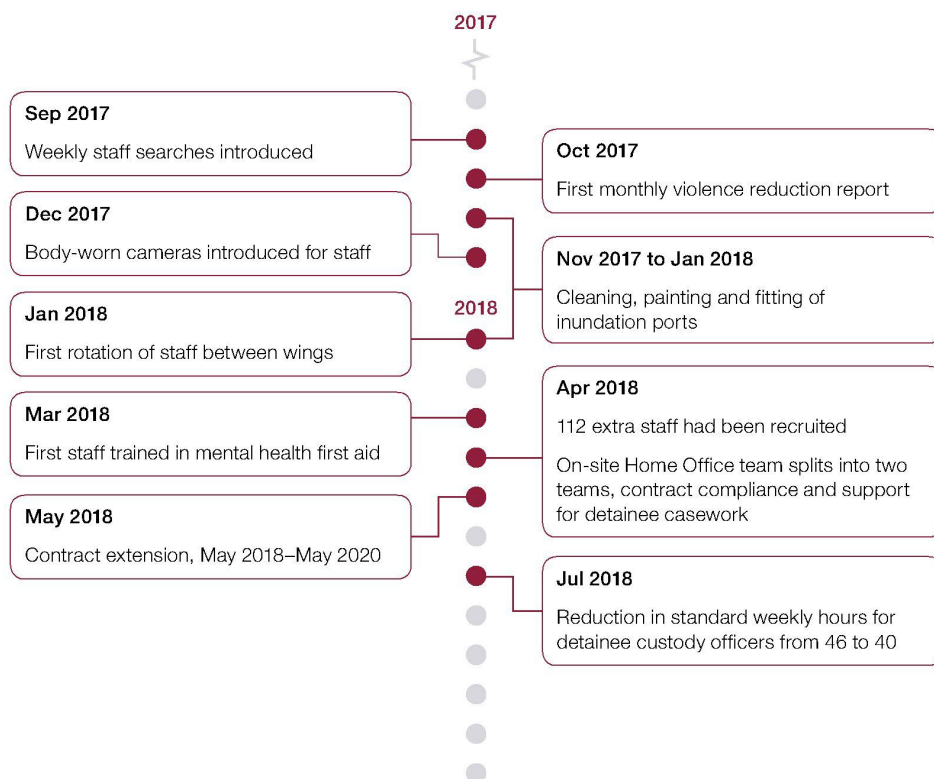
**3.13** In September 2017 G4S also commissioned Kate Lampard and Ed Marsden, supported by consultants Verita, to carry out an investigation (the Lampard review) to understand the extent and causes of the matters highlighted in *Panorama*. As part of their work, the investigation team undertook in-depth observations on-site. G4S published the report in November 2018. The report set out what it called multiple failings, including inadequate facilities, failure to retain staff and weak senior and front-line management.

<sup>8</sup> The Ministry of Justice contracts generally call them Improvement Notices.

**Figure 13**

Timeline of changes to the running of Brook House since September 2017

Following the broadcast of BBC *Panorama* in September 2017, and other independent scrutiny, G4S and the Home Office made a number of changes



**Note**

1 Not all changes made at Brook House are shown.

Source: National Audit Office

### **Extension of the contract**

**3.14** The Home Office was due to award a new contract to operate Brook House in late September 2017. When *Panorama* aired, the Home Office decided to pause the procurement while it undertook further due diligence work on the bids. In the meantime, the construction and facilities management company Carillion entered liquidation on 15 January 2018, sparking a debate across government about how it managed its contracts and the financial health of markets for government contracts. Subsequent conversations with the bidders and further due diligence of the bids, particularly in the light of emerging lessons from G4S's action plan for Brook House and the collapse of Carillion, led the Home Office to cancel the Brook House procurement and start it again. G4S's contract was due to end in May 2018, but the Home Office agreed to extend it to May 2020.

**3.15** The two-year extension was formally agreed with G4S in August 2018 and meant extending G4S's contract two years beyond its allowable term. This could have been challenged by one of G4S's competitors in the courts. The Home Office set out its decision to Parliament at the time, explaining that the delay would enable it to learn the lessons from the Shaw review (see below) and Lampard review (see above).

**3.16** G4S and the Home Office took the opportunity presented by the two-year extension to agree some changes to the contract. These were partly in response to *Panorama*, and had the aim of creating a safer environment for staff and detainees. The key changes were increased staffing numbers, reduced working hours, and extra training courses. The Home Office contributed to the costs of these.

## Other external scrutiny

**3.17** The Home Office also monitors progress on other action plans based on external scrutiny focused on or with implications for Brook House. These include:

- **Stephen Shaw review**

The government commissioned Stephen Shaw in 2015 to carry out an independent review of Home Office policies and procedures with an impact on detainee welfare. He reported in 2016, with a follow-up report in 2018. In 2018, Shaw reported that the majority of his recommendations to the government had been accepted but that further reforms were still required.<sup>9</sup>

- **HM Inspectorate of Prisons**

HM Inspectorate of Prisons carries out periodic unannounced inspections of immigration removal centres. It published a report in March 2017 making 46 recommendations to G4S, the Home Office and centre manager, of which the Home Office accepted 40.<sup>10</sup> Following an inspection of Brook House in May to June 2019, it plans to report on progress in implementing these recommendations later in 2019.

- **Independent Monitoring Board**

Independent monitoring boards are made up of independent volunteers appointed by ministers who visit their local prison or removal centre regularly to monitor the way detainees are treated. They report to ministers, including via a published annual report. The Home Office told us it was working on the recommendations in the most recent report on Brook House, published June 2019.<sup>11</sup>

<sup>9</sup> Stephen Shaw, *Assessment of government progress in implementing the report on the welfare in detention of vulnerable persons*, July 2018.

<sup>10</sup> HM Chief Inspector of Prisons, *Report on an unannounced inspection of Brook House immigration removal centre*, March 2017.

<sup>11</sup> Independent Monitoring Board, *Annual report of the Independent Monitoring Board at Brook House IRC*, June 2019.

## **The Moore Stephens LLP review**

### Scope

**3.18** In 2017 G4S commissioned an accountancy firm, Moore Stephens LLP, to conduct an independent review of whether G4S's billings were in accordance with the contract, and to review the profit made by G4S over the life of the contract.<sup>12</sup> The review aimed to investigate whether Home Office payments to G4S for running Brook House and two other sites were accurate and in accordance with the contract, and to check whether G4S's profit figures for this work agreed to its records of income and costs.

### Methodology

**3.19** The review was carried out between November 2017 and February 2019, following a methodology agreed with G4S. The review covered five financial years of data, 2012 to 2016. It involved: meeting G4S staff; reviewing documents; process mapping; testing of a sample of transactions, reviewing evidence to support the activity G4S charged for; and comparisons between Home Office and G4S data. The factual accuracy of the report was agreed with G4S before the report was finalised.

### Findings

**3.20** The findings were presented to the Home Office and G4S's Audit Committee in 2018. The review found no material errors, meaning errors that it considered important or significant in context (**Figure 14**).

## **The EY review**

**3.21** The Cabinet Office and Home Office have commissioned auditors EY to conduct a further review of the Brook House and Tinsley House contracts. This is part of a government-wide initiative to undertake open-book reviews of contracts to assess whether the delivery and charging of government suppliers are compliant with the contracts, laws and regulations. EY plans to provide its final report to the Home Office and the Cabinet Office later this year.

<sup>12</sup> Since undertaking this work, Moore Stephens LLP has merged with BDO UK.

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**Figure 14****Findings of March 2018 financial review by Moore Stephens LLP**

**The financial review by accountants Moore Stephens LLP found no errors it considered important or significant in context, but raised a number of issues**

Invoicing	The review compared Home Office spending and G4S income data, matching on invoice number. It found that differences were minimal. It found nine records with mis-matching values, out of more than 1,200 invoice records checked, of which most were due to timing, rounding, data quality or assigning an invoice to the wrong G4S-run centre. However, in two cases, totalling £5,747, the income recorded by G4S was greater than the Home Office's expenditure.
Penalties	<p>The review did not identify any material errors in the handling of penalties for underperformance, but noted two issues:</p> <ul style="list-style-type: none"> <li>• a lack of availability of evidence on why potential breaches recorded in the Home Office issues log were not reported in the monthly performance report; and</li> <li>• a lack of information on incident reports and therefore potential performance breaches and financial penalties. This second point did not relate to Brook House.</li> </ul>
Staffing	The review did not identify any material errors with respect to staff costs. However, due to personnel files being unavailable or inaccessible, the review was unable to verify the existence of a number of employees, verify staff costs charged and pay awards.
Profits	The review sets out the net and gross profits made by G4S for Brook House each year from 2012 to 2016. The review verified that G4S's profit and loss accounts were accurate and had been prepared in accordance with the underlying financial records.
Other topics	The review also verified that spending on goods and services other than staffing was accurate and in line with the contract; that regional and group overheads were accurately and appropriately recognised in G4S's books; and that adjustments made by G4S to its financial records were reasonable, supported by documentation and made by people with the appropriate level of authority. It found no errors or significant issues with these.

Source: National Audit Office analysis of Moore Stephens LLP document provided by the Home Office

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# Appendix One

## The contract's performance indicators

1 Under the contract there are 30 grounds on which the Home Office can charge service credits to G4S.<sup>13</sup>

**Figure 15**

The contract's performance indicators

Failing	Points	Penalty <sup>1</sup> (£)	Per
<b>1 A detainee escaping from G4S custody</b> from Brook House or while being escorted by G4S outside the centre.  £30,000 per incident of any number of detainees escaping from Brook House, or £10,000 per incident of escape of any number of detainees while being escorted.	n/a	10,000–30,000	incident
<b>2 Self-harm resulting in death</b> defined as self-harm of a detainee resulting in their death, involving any failure by G4S to follow procedures for the safety of detainees.	n/a	10,000	incident
<b>3 Staffing levels</b> defined as failure to provide enough detainee custody officers and managers as required.	75–1,000, according to the centre's percentage occupancy, the number of failed days in a month, and the percentage of the required staffing level achieved.	134–1,790	day
<b>4 Cleaning</b> defined as failure to make available full establishment cleaning services, defined as maintaining the centre in a safe, clean and healthy state internally and externally.	300	537	day
<b>5 Failure to improve</b> defined as failure to act on a written notice of improvement or rectification by the Home Office within 21 days.	500	895	incident
<b>6 Failure to report</b> defined as failure to notify the Home Office of any matter which constitutes a performance measure.	500	895	incident

<sup>13</sup> A healthcare indicator was removed in September 2014 when provision of healthcare at Brook House moved to a new separate contract with G4S. Under this, G4S could incur 500 points per day for failing to make available a full healthcare service, defined as detainees having access to the same range and quality of services as the general public receives from the NHS.



**Figure 15** *continued*  
The contract's performance indicators

Failing	Points	Penalty <sup>1</sup> (£)	Per
7 <b>Failure to admit a detainee</b> into Brook House.	500	895	day
8 <b>Failure to release a detainee</b> defined as unlawfully releasing a detainee, erroneously detaining a detainee, detaining a detainee beyond four hours of being notified of his release, or failing to deliver custody of a detainee to an escorting contractor.	500	895	day
9 <b>Health and safety</b> defined as G4S being served with a notice for the infringement of health and safety, or hygiene legislation.	500	895	day
10 <b>Self-harm resulting in injury</b> defined as self-harm by a detainee requiring any form of healthcare, and involving any failure by G4S to follow procedures for the safety of detainees.	400	716	incident
11 <b>Activities</b> 'availability of regime opportunity', defined as education, leisure, physical activities and library facilities.	300	537	day
12 <b>Communications</b> defined as failure to make available full detainee communication service, defined as the availability of visits, mail, fax and telephone.	300	537	day
13 <b>Contingency planning</b> defined as non-completion of the number of contingency planning exercises required by the contract.	300	537	day
14 <b>Maintenance</b> defined as planned maintenance not taking place without good cause, or reactive maintenance, in response to people notifying G4S of faults, not taking place.	300	537	day
15 <b>Religious practice</b> defined as failure to meet a request for or make available facilities in connection with religious observance.	300	537	day
16 <b>Serious substantiated complaints</b> defined as substantiated complaints of assault, damage or loss of a detainee's property, or racial abuse.	300	537	day
17 <b>Failure to deliver a list of documents</b> , such as detailed procedures on the use of force, before the contract start date.	n/a	500	document per day of delay greater than 7 days
18 <b>Failure to complete self-audit</b> defined as G4S failing to give the Home Office required information about provision of available spaces, available services, untoward events and serious performance failures.	200	358	day

**Figure 15** *continued*

The contract's performance indicators

Failing	Points	Penalty <sup>1</sup> (£)	Per
<b>19 Failure to comply with child protection policy and procedures</b> resulting in or exacerbating an incident of child abuse.	200	358	incident
<b>20 Failure to produce a detainee for an official/ legal or case-related visit/interview</b> within 15 minutes, if the detainee is able and willing to attend.	200	358	day
<b>21 Failure to produce a detainee for a social visit</b> within 30 minutes, if the detainee is able and willing to attend.	200	358	day
<b>22 Failure to produce an escort for a detainee.</b>	200	358	day
<b>23 Failure to see legal adviser</b> defined as not making adequate facilities available for a detainee to see their legal adviser within 24 hours of a request.	100	179	day
<b>24 Incident reports</b> defined as failure to supply an incident report or investigation report.	100	179	day
<b>25 Key and lock security</b> defined as failure to observe procedures for key and lock security.	100	179	day
<b>26 Other substantiated complaints</b> , defined as any other (non-serious) substantiated complaint.	100	179	day
<b>27 Availability of cells for temporary confinement</b> failure to provide an available temporary confinement place. Temporary confinement places are defined as accommodation used for housing 'refractory or violent' detainees.	50	90	cell per day
<b>28 Availability of cells for removal from association</b> for detainees who are temporarily removed from the mainstream cells due to their vulnerability or behaviour.	40	72	cell per day
<b>29 Availability of standard cells</b> 'failure to provide an available detainee place', defined as an adequately heated and lit cell, with potable water freely available, clean and adequate bedding, access to hot water and sanitation, and three meals a day.	30	54	cell per day
<b>30 Staffing information</b> defined as failure to provide daily information on staffing levels to the Home Office.	10	18	day

**Note**

1 2019 values. A multiplier, which rises over time with inflation, converts points into pounds.

# Appendix Two

## Our scope and methods

### Scope

**1** In March 2019 the Home Affairs Select Committee wrote to the National Audit Office, asking us to look into the Home Office's management of its contract with G4S to run Brook House immigration removal centre at Gatwick, specifically:

- the design of the contract;
- the operation of the contract by G4S; and
- Home Office oversight of the contract.

### Methods

**2** In examining these issues, we interviewed staff from the Home Office, G4S and the Ministry of Justice; analysed documents and data provided by the Home Office and G4S; and visited Brook House to observe contract monitoring arrangements.

**3** We interviewed:

- commercial and operational Home Office officials working on Brook House;
- members of the Home Office's on-site Brook House compliance team; and
- G4S managers in Brook House and head office.

**4** We reviewed Home Office, G4S, EY and published documents, including:

- the contract between the Home Office and G4S to run Brook House;
- a financial review by Moore Stephens LLP (March 2018) covering G4S contracts to run immigration removal centres at Gatwick including Brook House;
- draft interim findings of a review of Brook House by EY;
- monthly performance reports; and
- papers relating to contract review meetings.

- 5 We analysed data that we extracted from the documents above, covering:
  - the number of detainees held at Brook House;
  - the number of incidents of self-harm, use of force and assaults on staff;
  - penalties for underperformance; and
  - profits.
- 6 We did not verify information provided by G4S back to underlying records.

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