

HOUSE OF COMMONS
ORAL EVIDENCE
TAKEN BEFORE THE
HOME AFFAIRS COMMITTEE

ASYLUM

TUESDAY 25 JUNE 2013

JAN SHAW and MIKE KAYE

STEPHEN SMALL and JEREMY STAFFORD

Evidence heard in Public

Questions 166 - 252

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Oral Evidence

Taken before the Home Affairs Committee

on Tuesday 25 June 2013

Members present:

Keith Vaz (Chair)
Nicola Blackwood
James Clappison
Michael Ellis
Dr Julian Huppert
Steve McCabe
Mark Reckless
Chris Ruane
Mr David Winnick

Examination of Witnesses

Witnesses: **Jan Shaw**, Amnesty International, and **Mike Kaye**, Still Human, Still Here, gave evidence.

Q166 Chair: We are continuing now with the inquiry into asylum. May I welcome Mike Kaye, the Advocacy Manager for Still Human, Still Here, and Jan Shaw, the Refugee Programme Director of Amnesty International? We expect a vote at 4 o'clock so this part of the session will end at 4. We will ask you crisp questions and I am sure we will get crisp replies. Mr Kaye and Ms Shaw, do you think that there is a fundamental problem with the way in which the Home Office processes asylum applications?

Jan Shaw: Yes, I do in some cases. Very recently, and in our written submission, we identified that we have done quite a large piece of research into the quality of asylum decision making, initial decision making, done by the Home Office. We selected 50 cases. Perhaps I should go back a bit because 10 years ago Amnesty International conducted a similar piece of research where we wanted to ascertain why, at that time, one in five initial decisions to refuse asylum were overturned on appeal. Throughout the interim years, the situation has remained very static. In fact, it is probably slightly worse because over the last few years one in four initial decisions to refuse have been overturned on appeal.

Q167 Chair: Is it the case that 30% of asylum cases are now successful?

Jan Shaw: Thirty per cent of asylum applicants at first instance are getting refugee status and a further 6% are getting humanitarian protection or discretionary leave.

Q168 Chair: Mr Kaye, do you agree with that? Is it the issue of the quality of the decision-making process; if it was better there would not be the kind of overturns that we are seeing?

Mike Kaye: Yes, I think you have put your finger on the issue there. Certainly, they have improved the quality of decision making because you have a 36% recognition rate at initial decision, so they are getting more of the decisions right. The overturn rate is still high; it is still at 27%. The research that Amnesty and Still Human have done has shown that the

real problem with the decision-making process is credibility. It is all coming down to credibility. The positive of that is it is not a variety of different issues. It is not that they are not following the country of origin information, they are not looking at the operational guidance notes on particular countries; the problem is they are not addressing the question of credibility in the correct manner. If we focus more on improving the guidance and training around credibility there is a great potential to correct that last big hurdle in improving the quality of decision making.

Q169 Chair: Mr Kaye, later we will be hearing from G4S and Serco about the COMPASS contract and the way in which they look after asylum seekers. There was a piece in the *Guardian* on 14 December last year where one of the residents was quoted as saying, “The whole floor has diarrhoea and is vomiting. An ambulance comes to the building every week.” Is there any evidence that you can give us today about the way in which these contracts are being conducted?

Mike Kaye: It is not an area that I focus on particularly in terms of the contracts that are operated by Serco or G4S.

Q170 Chair: But you have people in your organisation who are in that accommodation, is that right?

Mike Kaye: Well, Still Human, Still Here is a coalition of 58 different organisations and certainly there are many organisations that are members of the coalition that have raised concerns about the quality of accommodation, the speed with which applicants are given access to accommodation, and on multiple occasions have said that it is inappropriate for the people who are put in those particular accommodations.

Q171 Chair: Jan Shaw, have you any anecdotal evidence for the Committee about that?

Jan Shaw: Yes, I heard something earlier this morning, actually, about pregnant women who were being housed in very dirty accommodation. The bathrooms were not fit for purpose and they were having to feed babies and try to sterilise bottles. It just sounded quite horrendous.

Q172 Chair: As you know, the Home Secretary announced that the UKBA was being abolished. Everyone was delighted and balloons were released into the sky, only to discover that most of the people, if not all the people bar one, were exactly the same as those who worked in the previous organisation. The Committee will be reporting on this very shortly, but is that your understanding as well? Have you seen any changes in the way in which the Home Office now conducts what is going on, as opposed to the way in which the UKBA conducted policy?

Jan Shaw: It is a little bit chaotic. It is actually quite hard to pin down who is doing what.

Q173 Chair: Is it more chaotic or less chaotic?

Jan Shaw: Well, there now seem to be three directorates. One was the original directorate that seems to have existed under UKBA. Then there is the visa and immigration, which is the bit where we will know people and have discussions with. Then there is the enforcement and removals. We have tomorrow a national asylum stakeholder forum with the Government so things should become more apparent.

I am quite alarmed from the information and analysis that came out of our report. By the way, the cases that we analysed were actually selected randomly by the Home Office.

They were done under the old system. Although they are recent cases since the credibility guidance was published last February, they were done under the new asylum model and processed that way. Now we have this new asylum operating model where the standard of the decision maker is going to be of a lesser calibre. They are of a lower rank. The Home Office is trying to assure us that things will be the same, but people are going to be moved around, they are going to be specialising in one thing and then moved somewhere else when they are needed. We did hear that the interviewer was going to be a different person from the decision maker, which has to be a move backwards. We would like to see much more continuity in the process, whereby the interviewer and the decision maker, if they refuse an application, should take it through to appeal because then there would be some feedback of what mistakes they were making.

Q174 Chair: Mr Kaye, it has only been two or three months but has there been any material difference in the way in which these matters have been dealt with by the Home Office?

Mike Kaye: I do not think that is the right question. I think the problem is 10 years ago we said exactly the opposite. We set up UKBA—

Chair: Well, whether it is not the right question or not, I am asking you has there been any change since the Government abolished the UKBA. You may not think it is the best question in the world that you have received, but I want to know whether it has made any difference because it was heralded as a big change.

Mike Kaye: I do not think those changes make any difference in the short term and I think—

Q175 Chair: So you have not seen any change? Because we have not reached the long term yet, have we?

Mike Kaye: No, and I think the issue is about performance management. I think over the last few years we are seeing positive changes. We are seeing better policy from UKBA as was, but the real issue is performance management.

Q176 Chair: Sure. So this is still not there? Despite the fact that it was heralded as a big change, you do not see this happening?

Mike Kaye: Well, as you rightly say, it is too early to say, but if you look at the report on credibility, what we are saying there is not that we disagree with the Home Office decision. What we are saying is, the judge disagrees and we can show in 80% of cases that the case owner has not followed their own instructions. Now, if you are not following your own instructions, to give you an example, they detained someone in the fast track, which is supposed to be only for simple decisions, and questioned them for 12 hours over two days. That is so clearly not in line with UKBA policy that that person should be having their performance reviewed and should be criticised and if they repeat that kind of error they should be moved out of the decision-making process.

Chair: Sure. That is very helpful.

Q177 Dr Huppert: It is good to see you both here. As the Chair said, one of the key things is the decision-making process. We have discussed issues in the past where that is not done. Can I focus on what happens alongside that about how asylum seekers are treated when they are waiting for a response or waiting to be removed, and particularly focus on this issue about allowing people to work? I think you have both suggested that if a claim has not been resolved within six months, if people cannot be removed for reasons that are not their fault within six months, they should then be allowed to work. Can you talk through how you see

this would work and any international examples where this has been allowed and what effect it has had on other employment opportunities, for example?

Mike Kaye: This is a situation that 11 other European Union countries have. They all allow people to work after six months or less. They have had this policy in place for more than 10 years. None of them have experienced any problems. Quite to the contrary; there are other European Union countries like Denmark who are now going to reduce the period of time that asylum seekers have to wait to six months. In fact, across the whole of the EU they are reducing the maximum period of time of excluding asylum seekers from the labour market if they are still waiting for a decision from one year down to nine months, which means the UK will be the only exception. The other countries basically recognise the merit—both to the individual and to their country as a whole—of permission to work because if you are allowing permission to work you are going to reduce the support costs of the asylum system. You are going to allow those people to contribute in taxes. They are going to share their skills. They are going to be able to integrate faster into society. I think the thing to emphasise is it is particularly important because roughly 50% of asylum seekers, once you include appeals, are going to get status in this country. The longer you exclude them from the labour market the more difficult it will be for them to contribute in the long term.

Jan Shaw: I can only add that the people that I have interviewed in the past when I have been doing research, because they have not been able to work and they are languishing for a very long time some of them, waiting for a final decision on their claim, lose all sense of their own self-worth and quite a lot of them have mental health problems. I just think it is a much more dignified way to approach the system and that they can make a contribution to the society.

Q178 Dr Huppert: It has been suggested that the Government have a drive to get people off benefits and on to work and that this would fit very nicely with this. Would you suggest, perhaps, that we should consider it more like anybody else—that they are expected to try to find work if they can, so obviously allow them to as well, but also expected to, if they can, be actively hunting? Or would it just be purely a possibility for them to do?

Mike Kaye: I am not quite sure what you are asking.

Q179 Dr Huppert: One suggestion that has been made is that we should see, let us say, section 95 support—I accept the point about section 4 hopefully going, becoming section 95—that people should get support if they cannot find employment but the focus should be on trying to encourage people waiting for asylum to find employment. Rather than just saying, “You will be allowed to,” it should be an actual encouragement to work.

Mike Kaye: Asylum seekers want to work. They come to this country and they are surprised that they are not allowed to support themselves to stand on their own two feet and make a contribution. I think giving them permission to work after six months is only reasonable given that the level of support that they are on—75% of asylum seeker single adults will be receiving just over £5 a day—is so low that it is very likely that you are going to have a negative impact on those individuals’ health and wellbeing after six months. Many of them are waiting six months. We have 5,000 people who have been waiting for an initial decision for more than six months. The exclusion from the labour market not only will reduce their ability to contribute in the longer term and make integration slower, but it actually increases the chances that you are going to see indirect costs through increased mental and physical illness by excluding them from work opportunities.

Jan Shaw: Many of them are very highly skilled and highly educated. I was talking to a Zimbabwean accountant, it was a while ago now, and she felt completely de-skilled because

she had been here for four or five years and had not been able to work and felt that she would have to be retrained, whereas she would have been able to make a very positive contribution.

Q180 Dr Huppert: Lastly and very briefly, would you both suggest that given that other countries already have permission to work it would not be a strong pull factor to the UK?

Mike Kaye: Absolutely, when you have 11 other European Union—

Jan Shaw: No evidence at all to suggest that.

Q181 Michael Ellis: Do you accept that robust questioning is necessary from those in authority? Because otherwise if they were to take the approach that they accept on face value everything that they are told, it would negate the necessity to check the veracity of what asylum seekers are saying. In other words, I presume you accept that some people will not always tell the truth and may give false reasons why they want to stay here, which, wrong in itself as it is, also has a negative effect on the value of what those people who really have genuine reasons for coming here for asylum would give. Do you accept that as a premise?

Jan Shaw: I would absolutely accept that, but I would also ask that the rigour of the questioning should be backed up by available evidence and that the questioning and the decision making should not be of a speculative nature or delve into minor inconsistencies and not use the documentary evidence that is provided or back it up with the country of origin information. Once you have made one small inconsistency in your response it has a domino effect; we have seen in refusal letters where they have said, “You have said this. I do not believe this; therefore, I do not believe that.” I would expect rigorous questioning but fair questioning backed up by proper defensible decisions. That is not what we are seeing, unfortunately.

Q182 Michael Ellis: In criminal law, I appreciate it is not the same but where that is used and questioning is used to establish the truth of what a suspect or defendant is saying, very often it is a minor point that a defendant or suspect might have got wrong that allows the questioner to delve deeper into the veracity of the general aspect of what that person is saying. In other words, one broken chain in the link of that person’s argument can weaken the whole of their argument. Isn’t that what these interviewers are doing? They are using perhaps what might on the face of it seem to you to be a small point of incongruity or irregularity in the account that a witness has given, but that could lead to the result that is clearer.

Jan Shaw: But how is it then that when they get before the immigration judge—and the judge is possibly the first time that the whole case has been looked at in its totality and in the round considering all the evidence—that the immigration judge is finding their arguments to be flawed because they are not following the credibility guidance that the Home Office has provided them?

Mike Kaye: We do not disagree with you, but the cases we are looking at I think you will find quite shocking. We are talking about, for example, six Sri Lankans who provided evidence of scarring, which is completely ignored, and they are still taking that to appeal after they got full medical and legal reports showing torture has taken place. We are talking about examples where the case owner has the evidence in front of them and has misconstrued the evidence, got the dates wrong and refused a case on that ground. We are talking about serious failures to follow their own guidance and look at the evidence in front of them.

Chair: Thank you. Sorry, the reason why I am hurrying you a little is because there is a vote at 4. I do not want to interrupt your evidence in the middle.

Q183 Mr Winnick: Regardless of the exhibitionism that you may hear about, I am sure all of us much appreciate the work that both organisations—and Amnesty, of course, which has been around since 1960—do on behalf of people who desperately need the kind of help that you give. We are sympathetic, to say the least. Leading from earlier questions about the economic situation, financial situation, that quite a number of asylum seekers are having, you are saying, Mr Kaye, in your evidence that the amount of financial support should be increased and you give illustrations in your written evidence of how other European countries give more to provide help on a weekly basis. Do you think that in the present economic climate that is a viable proposition?

Mike Kaye: Yes, I certainly do because, first of all, section 4 is completely cost-ineffective, so by abolishing section 4 you would actually save money.

Q184 Mr Winnick: Could you just explain that? Do you mean because more will be spent and—

Mike Kaye: All right, bear with me on the section 4—

Q185 Mr Winnick: It is good for retail outlets and the rest?

Mike Kaye: Well, first of all, under section 4 you have to give up accommodation with friends and family and go into Government-paid accommodation, so you are actually getting the taxpayer to pay for accommodation that is not necessary. You are running a parallel support system that costs £350,000 just to run for less than 3,000 people. You have to administer that system, which is incredibly complex. It is dozens of pages of an application that have to be faxed to the Home Office and a case owner has to go through that. There is lots of additional cost with section 4 that totals, in my calculation, between £2 million and £4 million that will be saved by abolishing section 4 and retaining those people under section 95.

I think the real cost in the system is the indirect costs because we are leaving people on less than £5 a day for prolonged periods of time. To quote the surveys of people under section 95, 50% thought they did not have enough to eat; 70% could not afford toiletries; 90%-plus could not afford clothing. The impact on health and wellbeing is a cost to the economy. It is a cost to the NHS. It is not only a cost to those individuals. Those indirect costs are not being calculated when we leave people on inadequate support or no support at all.

Q186 Mr Winnick: You are very critical, and no doubt Amnesty is as well, about the card system. You argue that it would be more useful, indeed financially, to get rid of it. That is your view?

Mike Kaye: Absolutely. Do not forget, the people on this support are people that the Government has already recognised cannot be returned through no fault of their own. The Government recognises they cannot go home through no fault of their own temporarily, yet we are penalising them by paying them less, giving them a plastic payment card they can only use in certain outlets. They cannot get cash for travel or for phone calls to the Home Office or to their solicitors and it costs more to administer, as I have just outlined.

Q187 Mr Winnick: I have one more question if I may, Chair. Do you consider that in a way it is almost humiliating for the people involved in having this sort of card, that it is the wish of the Home Office, or UKBA as it was known in the past, to make life that much more difficult for the people involved?

Mike Kaye: Definitely.

Q188 Mr Winnick: That is your view, Ms Shaw?

Jan Shaw: Absolutely, and I have discussed it with officials in the Government and I think it is very much not a cost thing but certainly to differentiate people who have been refused asylum. It is humiliating.

Q189 Chris Ruane: It is a short question first and it is a question we have asked other witnesses. Do you feel that the interviews for asylum seekers would be better if they were video or audio taped or not?

Mike Kaye: I think the key is to get early advice to asylum seekers. I think the problem is that they are going into interviews without understanding what it is they are supposed to be proving to the officials. We have seen pilot projects where asylum seekers have advice from legal representatives prior to their interview and they are better able to put forward the full spectrum of what the Government wants them to prove.

Q190 Chris Ruane: Some of the witnesses we have had felt they were intimidated, that in the line of questioning they were not treated with respect, that there was a lack of respect. If it was videoed or audioed then that would be able to be proven.

Jan Shaw: I think it would be very good if people were accompanied by their legal representative and I agree with what Mike said. We are really worried about the enormous cutbacks in legal aid. Although asylum seekers during the asylum process should not be affected, the very fact that so many immigration firms are not going to be representing people because of the lack of legal aid is going to have an effect on the asylum system as well.

Q191 Chris Ruane: So you would not be in favour?

Jan Shaw: I am not in a position to say, really.

Q192 Chris Ruane: No opinion?

Mike Kaye: Certainly, in the cases that you are talking about it would prove if conduct was unacceptable, so it would deal with that. Given the difficulties that the Home Office has in terms of dealing with applications, it seems to do that for every single case and to retain that for every single case there would be a cost involved, I would think.

Q193 Chris Ruane: You cite research that suggests that welfare policies do not have an impact on the decision of where to claim asylum. If that is the case, then why do so many asylum seekers travel through the EU countries to claim asylum here?

Mike Kaye: I will just pick up the first bit and then you can deal with the general thing. If you wanted to go to the country that provides the best level of support, you would be off to Scandinavia where you get more than double the support that you get here, and they get a third of the applications that we get here. That is not an isolated example.

Q194 Chair: What is the reason? This is what is puzzling everybody. Unfortunately, we are not able to hear from the asylum seekers themselves, but why do they come here and not go somewhere else?

Jan Shaw: I think you have to bear in mind—

Chair: Mr Kaye? Why Britain?

Mike Kaye: First of all, it is not just Britain. Germany and France for the last two years have taken more than twice as many asylum seekers as the UK. We have the lowest number of asylum seekers over the last three years since the Berlin Wall came down in 1989. We do not get a lot of asylum seekers. I know that is not a generally understood concept.

Q195 Chair: That is not the perception, is it?

Mike Kaye: It is not the perception but, as I say, France and Germany have taken twice as many as us in the last three years.

Q196 Chris Ruane: According to the top receiving countries for 2008-2012 in the briefing, Sweden was ahead of us. Is that the case?

Mike Kaye: Off the top of my head I only have the last year but I can definitely confirm that Sweden—

Chair: I think Mr Ruane has some official figures here.

Mike Kaye: Yes, but you are going over the last four years. I do not have that to hand, but definitely—

Chris Ruane: In 2012 Sweden was ranked fourth; we were ranked fifth, I think. Anyway, if you can get back to us on that.

Mike Kaye: Yes.

Q197 Chair: Jan Shaw, why? Why do they come to Britain? The weather is so awful.

Jan Shaw: First of all, I think we have to bear in mind that people do not often make a choice. They are brought in by smugglers and they do not choose to come to the UK. The other main thing is that 90% of the people who apply for asylum apply in-country, so they are already here. An example of that is with the Libyans during the Libyan crisis. The Libyan students were already here and the same with many Syrians. We have a large Commonwealth. A lot of people have historical links with this country and they speak English and they have family and community here.

Q198 Chair: That is extremely helpful. Mr Kaye, Ms Shaw, thank you very much for coming to give evidence. We will be writing to you again, I am sure, asking for follow-up information from you.

Jan Shaw: Thank you.

Examination of Witnesses

Witnesses: **Stephen Small**, Managing Director, Immigration & Borders, G4S, and **Jeremy Stafford**, Chief Executive, Serco UK & Europe, gave evidence.

Q199 Chair: May I welcome Mr Stafford and Mr Small? It is not that the public do not like you, Mr Stafford and Mr Small, it is just that I have had to clear the gallery because there was a slight disturbance during the previous session. This is slightly quieter than one would have imagined. May I thank you both very much for coming to give evidence today? This is the Select Committee's inquiry into asylum and the reason why you all are here is obviously because Serco and G4S have been given part of the COMPASS programme. For the purposes of the record, Mr Stafford, how much of the pie, so to speak, does Serco have?

Jeremy Stafford: Serco has two regions: the North West and Scotland and Northern Ireland. That is an annualised contract value of about £27 million.

Q200 Chair: What about G4S?

Stephen Small: We have two regions: Midlands and east of England, and North-East Yorkshire and Humberside, housing around about 11,000 asylum seekers worth circa £30 million per annum.

Q201 Chair: In total, what is the COMPASS contract worth?

Stephen Small: Well, for us it is a variable amount because the asylum seeker population will go up and down, but it is around about £30 million-worth of revenue for both regions over a five-year period. It might go up as high as £40 million depending on the population.

Q202 Chair: That is an annual figure, so that is £150 million?

Stephen Small: That is an annual figure so it would be that amount over the five years.

Q203 Chair: Right. What about for Serco?

Jeremy Stafford: For Serco it is £27 million annually over the five years.

Q204 Chair: The complaints that we have received from those who are either representing asylum seekers or those living in accommodation that has been provided for asylum seekers is that the standard and quality of the accommodation is not very good. I quote for you an article in the *Guardian* of 14 December where somebody was quoted, and obviously she has wanted to remain anonymous. It is a hostel in Stockton for asylum mothers and babies and this is what she said: “the whole floor has diarrhoea and” there “is vomiting” on the floor. “An ambulance comes to the building every week.” Do you recognise that description? When it appeared in the *Guardian*, presumably G4S would have wanted to know where this particular place was.

Stephen Small: We know exactly where it is, Chair, and we do not recognise that description. In fact, after that article appeared, which I can supply to the Committee, we had—unsolicited—a number of the residents in that building write to us to say themselves they did not recognise it. They did not recognise the description of the housing officers who attended it. So my answer is I do not recognise that description at all.

Q205 Chair: Okay. Mr Stafford, what about complaints made against Serco? We will come on to the detail in a moment, but just generally have you all received any complaints about the way in which you provide this accommodation?

Jeremy Stafford: We have taken a very methodical approach to ensuring that the accommodation that we have for initial accommodation and dispersed accommodation is to the correct standard for the contract. If you take, for example, the facility that we have for initial accommodation in Liverpool, Birley Court is a facility that will take 197 people. We have just completed a £1.2 million refurbishment of that and opened that, so I think that is to a very good standard. We have a similar facility in Glasgow and a much smaller facility in Northern Ireland.

What we are doing with the dispersed accommodation is we are working our way through the accommodation that we moved across during transition and we took a conscious decision at that stage, which was that we wanted to have minimum disruption for the people using the service. Then since transition we have been working through that estate either investing in the properties, so we spent £197,000 on the properties that we had, and we have been bringing in new properties that measure up to the standards of the contract. We feel we have a good quality estate.

Q206 Chair: Prior to the contract being given to yourselves and G4S and Reliance, this was being administered by a number of SMEs, as I understand it. The contract was then given to all three of you and you all have subcontracted. Your subcontractors, Mr Small, I think are Urban Housing, Target Housing, Jomast Ltd, Live Management Group, Cascade and Fentons.

Stephen Small: Yes.

Q207 Chair: Mr Stafford, we have a list that begins with Happy Homes Ltd all the way down to First Choice Homes, Cosmopolitan Housing. I can see about 20 or so subcontractors. So it is not really Serco that is providing this accommodation, is it? You have taken the contracts and then you have subcontracted it out to somebody else. In Serco's case you do not have direct management of these places. You take a management fee, I would imagine.

Jeremy Stafford: We have management of the estate and then we work with the subcontractors, who you have the list of, to ensure that the properties are to the right standard. If money is required to bring the property up to the right standard then we will make that investment.

Q208 Chair: Sure, I understand that, but in terms of subcontracting, the actual day-to-day running of these organisations is not done by you because you are the Chief Executive for the UK and Europe. It is actually done by one of the subcontractors.

Jeremy Stafford: We find that a very effective model and we do that in a number of the services that we deliver, whether it is reducing reoffending with the Doncaster pathfinder or whether it is the Work programme.

Chair: I understand that.

Jeremy Stafford: We find the combination of ourselves as a substantial player with service methodology and a balance sheet complemented by smaller organisations that are very focused on delivery locally is a good combination.

Q209 Chair: What is the fee? In respect of the money you receive from the Government, what is the fee for management? Because the Committee, of course, have looked at this area of management fees when we looked at the Olympic contract. How much do you get for management?

Jeremy Stafford: May I just refer to my colleague Dawn, who runs the contract?

Q210 Chair: Yes. While you are doing that, may I turn to you, Mr Small? Mantel, one of your subcontractors, quit as a subcontractor. I think they said that they were not able to do the contract because it was no longer viable to continue.

Stephen Small: One of the issues they had is they started to experience difficulties in delivering the whole contract. As soon as they highlighted this, we started working with them with the main objective of ensuring that we kept secure the housing that the asylum seekers were already in and managed by Mantel. We worked with both Mantel and the Home Office.

Q211 Chair: But Mantel have gone, I understand; they have quit?

Stephen Small: They have gone from the contract. What we have done, Mr Chair, is that we have now secured the properties so there is absolutely no change to the asylum seekers' housing they are in. We have also transferred the staff that were delivering the frontline service for Mantel into G4S, so there has been absolutely no change at the coalface for the asylum seekers. They see the same people in the same properties.

Q212 Chair: Sure, I understand that because you in your own memo of 25 February, which has got into the public domain, said that the subcontractors were having to face "property defects" and "issues with the pastoral care offered to Service Users." Was that your memo?

Stephen Small: That was my memo.

Q213 Chair: That is quite serious, isn't it?

Stephen Small: It was, and the main issue they had, Chair, was that during the transition phase it was one of our objectives to cause minimum disruption to the asylum seekers already housed in the previous contract. That was to ensure that all the social cohesion that had been built up by the asylum seekers during their time in those properties, as well as the education of their families in the local schools they were attending, did not have to change. We wanted to minimise that. That meant transferring nearly 3,000 properties from the previous provider. What we have found since is that those properties were not up to the standard that is required within the COMPASS contract and it required a huge amount of investment, time and energy, which Mantel, as an SME, were never structured to do. That is why they have exited and that is why we have changed, where we are now delivering the property standards.

Q214 Chair: Yes, I understand that but, you see, this is the problem for the Committee: that here we have a massive contract that has been given by the Home Office—the second biggest contract that the Home Office gives out—to big companies like G4S and Serco and Reliance. What they do is, they subcontract. You obviously put in a bid that was quite low; that is why you got the contract. If you look at an individual person, how much does Serco get from the Government for each person?

Jeremy Stafford: May I answer the first question and then come back to that point?

Chair: Yes.

Jeremy Stafford: In terms of the subcontracting, the Scotland and Northern Ireland region is subcontracted to Orchard & Shipman, who are a specialist lettings company. The North West region, the list of companies that you have are purely providing property. The management of that property is done directly by Serco.

To pick up your second point, the revenue per person per day is £11.71 for dispersed accommodation and £30.28 for initial accommodation.

Q215 Chair: You get £11.71 a day for each asylum seeker?

Jeremy Stafford: That is correct.

Q216 Chair: What do the subcontractors charge you for each asylum seeker?

Jeremy Stafford: For Orchard & Shipman I would like to come back to you and verify that number because the numbers that I have here do not break it out that way. If I may, I will come back very promptly with that answer.

Q217 Chair: Do you know roughly what it is?

Jeremy Stafford: It is a very small amount. It is a very small difference between what we are paid and what we pass through.

Q218 Chair: If that is the case, a very small difference, is it pence or pounds?

Jeremy Stafford: Dawn, thank you for passing that through. It is pence. In Scotland and Northern Ireland, we receive from the Government £11.71 and we pass on £11.50 of that to the provider, Orchard & Shipman.

Q219 Chair: You are telling this Committee that Serco makes 21p per asylum seeker?

Jeremy Stafford: That is correct.

Q220 Chair: Why do you bother to do this, then?

Jeremy Stafford: Because we are very focused on building an accommodation business and we believe that by taking on regions of the COMPASS service we could establish the right team to do that. We felt that we could establish a very good platform that we felt was scalable. You are probably aware that some of the services that we develop in the United Kingdom we then go and take to other geographies. For example, the court escorting service that we operate in London and the South East is operated in Western Australia. For us, we felt accommodation management was an important development area.

Q221 Chair: For the future of Serco?

Jeremy Stafford: That is correct.

Q222 Chair: Would it surprise you that some of the contractors who previously had the contract that you now have have been offered £7.81 a person by some of your subcontractors? In other words, your subcontractors are making £4 out of every person, where you are making 21p.

Jeremy Stafford: I am not aware of that.

Q223 Chair: Would it surprise you?

Jeremy Stafford: Well, thank you for sharing that with me.

Q224 Chair: Mr Small, what are your figures?

Stephen Small: Well, I would like to come back to the Committee on that, Chair, and the reason—

Q225 Chair: You do not know how much you get?

Stephen Small: I do but it is not a single number.

Q226 Chair: Okay. Well, give me a region and give me a figure.

Stephen Small: Well, it depends. You get paid for single asylum seekers and family asylum seekers.

Q227 Chair: Tell me a single man as Mr Stafford just did.

Stephen Small: But it is paid on a banding, Chair, and it depends on the volume on any given night on the rate that the Home Office pay us. It is not as clear-cut as quoting a single figure to you. I would be happy to supply that information.

Q228 Chair: Why is Mr Stafford able to do this but you are not able to do this?

Stephen Small: I cannot comment on Serco's commercial arrangements with the Home Office. All I can comment on—

Q229 Chair: Could it be a different arrangement that you have entered into?

Stephen Small: I cannot comment on what his arrangement is with the Home Office.

Q230 Chair: But you will give the Committee a figure as to how much you get for each asylum seeker?

Stephen Small: I can supply you with the figures that we get paid for single and families and initial, but once again I will give you the bandings because each night you have to calculate the numbers.

Q231 Chair: Okay, that is very helpful. Thank you very much. If you could give us the list of your subcontractors that would be very helpful, and provide us with any information concerning how much they then subsequently charge to other people to do the job. Because at the moment, Mr Stafford, I am not sure what your shareholders are going to say but 21p does not sound like a huge amount of money for one of the biggest service providers in the world.

Jeremy Stafford: Well, as I say, we are investing in our accommodation business. If you look back at the history of the company we have done that successfully in other areas. We see this as an opportunity to demonstrate the quality of service that we can offer.

Chair: Excellent.

Q232 Mr Winnick: Mr Stafford, you have answered some of the questions the Chair has put to you on the financial implications and that applies, of course, to G4S. The fact of the matter is that you are both very large commercial organisations. You are not philanthropists. You are in the business, are you not, to make profit one way or the other—yes, obviously?

Jeremy Stafford: We are.

Mike Kaye: Yes.

Q233 Mr Winnick: That goes without saying. Presumably, you are involved in this particular sort of work, asylum, because as you said, Mr Stafford, it may give the opportunity for other work, but basically the whole purpose of the operation is commercial?

Jeremy Stafford: Yes.

Q234 Mr Winnick: Obviously, yes; that is a question to which one can only give but one answer. Now, I want to ask you whether you are aware of the complaints that are often made to us—be it as Members of Parliament or in evidence by those organisations that represent asylum seekers—that both organisations that you have senior positions in are insensitive to asylum seekers. Bearing in mind obviously there are those who are not genuine, but those who have suffered a great deal abroad come here. Many have been tortured, some raped and certainly suffered great indignities. They do find that Serco and G4S on many occasions, and I say on many occasions, those who work for you or subcontractors, which you have just been referring to, lack that sensitivity. What would be your reaction to that, Mr Stafford?

Jeremy Stafford: When we decided to pursue this opportunity we looked at the sort of service that we would be proud to deliver. We very much focused on the people, the service users, and how we could give them an experience that was as good as it possibly could be. From where we pick them up with the transport in Croydon, take them through the initial accommodation and then into the dispersed accommodation, we seek to have continuity of care throughout that. We make sure that each point on that journey they have very high quality welcome packs; we have a translation service, so if the individual does not have English as their first language they can have a three-way translation. Then we make sure that while they are in our care, while their case is being heard, whenever we make a visit to the premises we do that in a planned way. We notify them two weeks in advance that we are going to attend. If there are any changes to that, we will notify them by text that there has been a change. If we arrive at the premises and they are unable to answer the doorbell, we will knock and make sure that if we do enter the premises, because sometimes we do need to do that, we wait and we treat them in the most respectful way.

Q235 Mr Winnick: We have heard differently and, indeed, we have heard of a lack of privacy where representatives working for your organisation or subcontracted by your two

organisations enter the premises without even knocking. You hold a senior position, Mr Stafford. How do you know what actually happens on the ground? You have been telling us what you believe is happening but how do you know that this is actually occurring? How do you check on that?

Jeremy Stafford: We have a very clearly defined method so any of the employees, the 160 or so people who work for us in the North West of England, for example, know exactly what is expected of them. Then we have a feedback loop through the complaints process. We monitor the feedback through complaints to see whether people are having an experience that is out of step with what I have just described. I am pleased to say that since January the number of complaints that we are receiving monthly has dropped by more than 50%. For me, that gives me a good check that what we plan to happen is the reality on the ground.

Q236 Mr Winnick: My last question to you before Mr Small: you are aware of a number of criticisms that have been made of the way in which asylum seekers have been dealt with?

Jeremy Stafford: It is a large and complex service and we have been through a transition period. What I am observing is that as we have come out of that transition period, the rigour with which we are approaching the service is bearing fruit in the way that I just described. So yes, if there have been some issues during that period that is a great disappointment to me, but I am confident that we have the steps in place to get a continuous improvement.

Q237 Mr Winnick: G4S, of course, has been criticised, as you know, Mr Small, on numerous occasions, including what has happened on taking failed asylum seekers to the airport and on the plane and all the rest of it. But leaving that aside, you take the same view as Mr Stafford that everything is all right?

Stephen Small: Well, the one thing I want to say, and it is linked to the use of our supply chain and subcontractors, is one of the reasons we have that model is that the providers we use are experienced in operating in the asylum-seeking market. They are not new to this. Of the 200 employees that work in this area, the vast majority of them have worked in that area for some considerable time. Within my senior team, the Accommodation Director has over 25 years' experience in housing, which includes working with the third sector on asylum-seeking housing. The Accommodation Manager has worked for PPNW/Clearsprings for over 10 years specifically in this marketplace in the provision of housing for asylum seekers. We work very closely with third sector organisations. One of our suppliers, Target, is indeed a third sector charitable organisation, which works in a wide range of social housing.

We do recognise the vulnerability and the difficult time that an asylum seeker is going through at this point when they are in our care. We have a long history in G4S of working with vulnerable people, be that in offender rehabilitation, the Work programme, so we do understand the vulnerability that people will find themselves in at points in their life, particularly around the asylum-seeking process.

Many of the reports that have been published we do not recognise. We have a number of—

Mr Winnick: You do not recognise?

Stephen Small: Some of them have been completely unsubstantiated. We have asked for details from those that have published those reports and to date they have not been forthcoming. That is not just us but the local authorities have asked and the Home Office have asked, and no detail has been forthcoming to help us investigate those. We have a number of avenues where complaints and issues can be raised and the contract is very clear what complaint processes should be laid down. We have an incident and call management team

who are open 24/7. All of their details are given in a number of languages in induction packs, which I have copies of. These are all in different languages, from Arabic, Chinese and so on, and I am more than happy to leave those with the Committee.

Mr Winnick: The Clerk will take them. Thank you very much.

Stephen Small: I also specifically have, as a member of my senior team, a head of quality and compliance who reports directly to me, not to any of the operational team. Part of that remit is looking into complaints, checking and auditing the operational teams, not just my direct team but also those of our supply chain. If I give you an example, we receive around about 800 calls per month into our incident management team. Most of those relate to an asylum seeker seeking advice, support on their payment card not working, and we will help manage that back into order for them. Very few of them, less than 2%, are around property issues. Where we do get property issues, there is a response time we need to meet within the contract at different levels.

Chair: Thank you; that is very helpful.

Q238 Dr Huppert: Mr Small, Mr Stafford, thank you very much for coming. You will, I am sure, have seen sessions that we have held with your companies and others previously. The position you have presented is consistent. You believe things are going well and I think you are describing the theory as you believe it to be. I do not think either of your companies is deliberately setting out to provide a bad service. However, the reality that we hear about, both from talking to a whole range of organisations and people who have written to this Committee, feels different. We have heard concerns about standards of property from the Joseph Rowntree Foundation and the Local Government Association. You may be aware we have had allegations in one case of somebody who was forced to stay nearly a month with her five-month-old baby in a Cascade property—I think that is a G4S one—in a house with wet rotten floors infested with cockroaches and slugs. Now, I do not know about the cockroaches and slugs, but the city council environmental health inspector described it as capable of becoming a category 1 hazard unfit for human habitation in its current condition, which strikes me as bad. I am sure that is not what you intend to provide and may well not even be a majority, but do you accept that there are cases where the accommodation simply is not appropriate for people? Do you accept that does happen?

Chair: Mr Small?

Stephen Small: Yes, I would but I go back to my previous remark and some of the detail we put in our notes to the Committee. We transferred nearly 3,000 properties across the Midlands, East of England, North-East Yorkshire and Humberside from the previous contract and most of the issues—so of the property complaints we have had, the vast majority, over 65% of those—relate to the properties that were transferred over. We have a programme of working through those, investing in them, so I do recognise there are issues with property but we have a programme to work through those. Where those issues, and particularly the one around Cascade, comes to our attention we deal with that quickly. In that particular case, we moved the family very quickly. Do I say that all the properties are meeting all the standards? No, we recognise they do not, but we inherited a lot of the issues and we are addressing them quickly. I would say that, yes, we have a view on how we are doing but also the Immigration Minister, Mr Harper, did comment to the House on 19 June and said that we deal with issues quickly and our performance is satisfactory.

Q239 Dr Huppert: May I move on to the issue of privacy? You will probably be aware of the recent parliamentary inquiry into asylum support for children and young people chaired by my colleague Sarah Teather. There was some astonishing stuff in there and I hope you have had a look through those reports or tried to address these. One of them was about

the issue of privacy. One of the seven recommendations was, “The Government should ensure that asylum seekers’ needs for privacy are respected by housing providers, who should not enter properties unannounced”. Now, I think you both touched on this. May I just have it very clearly from you both that nobody should be entering properties unannounced except potentially in some sort of emergency? I would also like to hear what steps you would take if any of your subcontractors are behaving in a way that I hope you will agree is not acceptable?

Stephen Small: Can I put some context into that? Like Serco, we plan our visits. However, there is part of the contract we have to adhere to and that is ensuring that the property is still being resided in by the asylum seeker and, therefore, the taxpayers’ money is being spent for the right reason. When we arrive at properties as we have made an appointment to do, we will do the usual thing, knock on doors, ring on the bell, to have somebody answer. Where there is no answer after repeated attempts, we must and have the right to enter the property to ensure that it is still being inhabited by the asylum seeker. On occasions, unfortunately, the asylum seekers do not always answer the door and, therefore, we have no choice but to enter that property. We make every effort to announce our entry into that property so it is not our intent to enter unannounced, but we are obliged to ensure where we cannot get an answer from the asylum seeker and nobody answers that door despite repeated attempts—

Q240 Chair: Mr Stafford, do you have any comments to make to Dr Huppert’s question?

Jeremy Stafford: Just to add to that to say, as I said before, we plan the visit. If the visits are going to be changed we notify the resident normally by text to their mobile phone. We are very clear that this service is designed around the people, the service users, and we make sure that in terms of any entry in the way that Stephen was just describing is done in a respectful way because we have our duties to perform under the contract.

Q241 Dr Huppert: Again, you are describing a theory and if that were the case that would be good. What I cannot do is fit that with the comment, for example, from Sarah Teather, “Almost every family told us that housing contractors routinely enter properties without knocking”. Now, it is possible that you have one view on what the rules ought to be and your subcontractors have a different view on what the rules ought to be. I would be interested to understand how you will make it actually fit in with these briefing packs, which look very nice having gone through them carefully, but again we have heard in many cases that although they exist they are not actually being provided. It seems that there may well be an issue that the two of you have policies that are, let us say, right, appropriate, sensible, but they are simply not happening on the ground. I would like to understand far more about what you are doing to make sure that these things actually do not go wrong on the ground rather than just saying that the policy is very sensible.

Stephen Small: I refer back to my comment. We have a quality and compliance process that includes accompanied visits with housing officers and we do not recognise some of that reporting. It would appear in the report that there is a consistent practice of our housing officers entering properties regularly unannounced and without any notification. We just do not recognise that whatsoever. As far as making sure in service is doing what our policies and processes state they should do, we have regular auditing processes. It is not just within G4S but also includes the Home Office inspectors accompanying our housing officers out into the field as well.

Jeremy Stafford: May I just add to that?

Chair: Yes, Mr Stafford.

Jeremy Stafford: Because we do with the many different types of services that we operate have very well-established service user groups so we make sure that there is an opportunity for people to raise issues of this sort informally if they do not feel comfortable making a complaint. We have stakeholder consultations. We have worked hard at our stakeholder relationships so we should be picking that up through, for example, the local authority if there were a problem. We have our internal and external audits to ensure that this is being operated correctly. We do have several lines on that which we pursue rigorously.

Q242 Chair: May I take you back to my original questions about the cost? Anecdotal evidence has come to members of the Committee, myself in particular, that some of the subcontractors that you have given these contracts to have themselves gone out to charities and to the public sector in order to get grants because they cannot afford to fulfil the contract at the price that they have been given. Clearly, you, Mr Stafford, have given us a figure of £11.71. That is Serco making 21p and the rest all going straight to the subcontractor. Do you know, have you heard of this, that any of your subcontractors—and it is basically a quick yes/no—have gone out to charities or to the public sector in order to get grants in order to subsidise the amount of money they have received?

Stephen Small: May I check with Dawn?

Chair: Of course.

Jeremy Stafford: Okay. No, we have no awareness of that.

Chair: No, and you do not?

Stephen Small: I have the same answer.

Q243 Chair: Just a couple of things, if we may, about one or two other issues to do with Serco and the Select Committee's work. The e-Borders programme, of course, you must know about that, Mr Stafford, as the Chief Executive. Are you still involved in the e-Borders contract?

Jeremy Stafford: No, we have exited that programme. I think there are some very small elements that we were asked to run for a couple of further months, but no, we have no interest in that any more.

Q244 Chair: Do you know whether anyone else is doing the work that you were doing on e-Borders? Do you have any idea about that?

Jeremy Stafford: I think there is another supplier that is delivering that service, but we have exited the arrangements that we had, which we agreed to follow through until the end of the Olympic period. That now I think is complete.

Q245 Chair: You did some work for the UKBA when it was in existence in order to look at the migration refusal pool, a contract that subsequently went to Capita?

Jeremy Stafford: Yes.

Q246 Chair: Do you have anything to say? Did you produce any reports about your work for the UKBA? Because it is rather unusual for a private sector firm to be offering to do work for nothing for the Government, because you obviously have shareholders, but you did it for free and then they rewarded you by giving the contract to Capita.

Jeremy Stafford: We were clearly disappointed. In terms of—

Chair: Do you have a report on the work that you did?

Jeremy Stafford: I am sure there is a report and if you would like me to provide that to the Committee I would be happy to do that.

Q247 Chair: Please; that would be very helpful. My final question is about the Ministry of Justice tagging contract because, as you know, earlier this year—I think on 17 May—auditors reported that both Serco and G4S had been overcharging the Ministry of Justice for tagging services. I think the cost together came to £107 million. Has there been any progress about finding out whether, indeed, you were overcharging? Mr Stafford?

Jeremy Stafford: The audit is under way.

Chair: This is by PwC?

Jeremy Stafford: That is the PwC audit and I think it is making good progress. I think it is too early to comment. The latest feedback that I have had from the Ministry of Justice is that they expect to have feedback on that by mid July. I think at this stage it is too early to comment.

Q248 Chair: But you are confident that you have not overcharged on this public sector contract?

Jeremy Stafford: We do not believe we have overcharged.

Q249 Chair: Mr Small?

Stephen Small: Like Mr Stafford said, the audit is under way. It is not part of my division and, therefore, I do not think it would be appropriate for me to comment directly on this. All I do know is that my colleagues within the division in which electronic monitoring sits are working closely with the Ministry of Justice and the auditors on that programme, and the findings of that will come out in due course. I am not informed enough to make any other comment on that.

Chair: Thank you.

Q250 Mr Winnick: At least as I understand it—I think it is well publicised in the public domain, Mr Small—the Chief Executive of G4S has left?

Stephen Small: There has been a change, yes. That is correct.

Q251 Mr Winnick: Was that in any way connected with what occurred last year?

Stephen Small: I could not comment on that. I am not up at the heights where the shareholders—

Mr Winnick: You do not wish to comment on that?

Stephen Small: I cannot comment.

Mr Winnick: I understand. I will not press you.

Q252 Chair: On behalf of the Committee, may I thank both of you? We only contacted you last week to appear. I know, Mr Stafford, you were doing something else. We are most grateful. We know that Mr Hyman was unable to be here. Thank you, Mr Small, for readily coming before the Committee and answering our questions in such an open and transparent way. We look forward to receiving the information that we have asked for. Thank you very much.

Stephen Small: Thank you very much.

Jeremy Stafford: Thank you.