



HOUSE OF COMMONS

Defence Committee

Oral evidence: Army recruiting contract, HC 480

Tuesday 16 January 2024

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Members present: John Spellar (Chair); Sarah Atherton; Martin Docherty-Hughes; Richard Drax; Mr Mark Francois; Mrs Emma Lewell-Buck; Jesse Norman; Gavin Robinson; Derek Twigg.

Questions 1 - 97

Witnesses

I: Richard Holroyd, CEO, Public Service, Capita; Maria Mallet, COO, Recruiting Partnering Project, Capita; Ross Haynes, Head of Public Affairs and Government Relations, Capita.



Examination of witnesses

Witnesses: Richard Holroyd, Maria Mallet and Ross Haynes.

Q1 **Chair:** This hearing is on the Army recruiting contract with Capita. May I ask the witnesses to introduce themselves?

Richard Holroyd: Good morning. My name is Richard Holroyd. I am the chief executive officer of Capita's public service division.

Maria Mallet: I am Maria Mallet. I am chief operating officer for the recruiting partnership project contract.

Ross Haynes: I am Ross Haynes, head of public affairs and government relations at Capita.

Q2 **Derek Twigg:** Just as a general question to start, what has Capita's delivery record over the life of the contract been against the Army's recruitment targets? Has this changed since the contract's reset in 2018?

Richard Holroyd: In the years 2018 to 2022, we met the Army's regular officer and soldier recruiting target to within a couple of percentage points.

Q3 **Derek Twigg:** You say "within a couple of percentage points". You either did or did not meet the target.

Richard Holroyd: We achieved 95% of the target.

Derek Twigg: So not 100% then.

Richard Holroyd: Not 100%.

Q4 **Mr Francois:** What year was that?

Richard Holroyd: 2018 to 2022.

Q5 **Derek Twigg:** So you failed to hit the targets.

Richard Holroyd: Yes, in those terms.

Q6 **Derek Twigg:** The other point that I want to make here is that, during the 2018 reset, the Army agreed to reduce its recruitment targets from what was required to what it thought Capita could achieve. It reduced the requirement by around 20%. Is that still the case?

Richard Holroyd: The setting of the target is a complex activity. The Army gives us the detail of what it requires by job specification and job standard. It sets that against what it thinks the capacity of the operation is to deliver.

Q7 **Derek Twigg:** But it did reduce it by 20%.

Richard Holroyd: I could not be specific about the percentage points that it reduced it by.



HOUSE OF COMMONS

Maria Mallet: In 2020-21, it gave us a target and then reduced it, not because we did not have enough people to fill but because it decided that it wanted the target reduced in that year. That is the only year that I am aware of that happening.

Q8 **Derek Twigg:** Are you saying that it was just one year?

Maria Mallet: Yes.

Richard Holroyd: We would not necessarily be told what the director general of manning and resourcing requires for the Army as a whole. We get given a target to achieve.

Q9 **Derek Twigg:** What was your target for the Army in 2018 and what is it in 2023?

Maria Mallet: For regular soldiers—the big one?

Derek Twigg: Let us do regular soldiers and officers to make it quite clean.

Maria Mallet: For 2019-20—

Derek Twigg: The reset was in 2018, was it not?

Maria Mallet: I do not have it on me, but I can look it up, if you give me a second. I will give you the other years and go back to that one, if that is okay.

Derek Twigg: It is important, because that is when the reset took place.

Maria Mallet: For 2019-20, the number that we were given was 9,404. For 2020-21, it was 9,867. For 2021-22, it was 6,674. For 2022-23, it is 8,217.

Q10 **Derek Twigg:** The latest figures are still a significant drop on 2020—the first figure that you gave me. Are you going to give me the 2018 figures?

Maria Mallet: Yes. I just need to look for it, if that is okay with you.

Q11 **Mr Francois:** Those figures that you have given us were the target.

Maria Mallet: Yes, they were the target.

Mr Francois: For other ranks recruitment.

Derek Twigg: That is for regulars.

Q12 **Mr Francois:** How many did you recruit?

Maria Mallet: For the figure of 9,404, we hit 9,432, and then Covid hit, unfortunately, and they took 500 out of the training camps, so the official number is 8,905, which is 95%. For 2020-21, we hit 8,729, which is the number that they brought it down to and which, against the official figure, is 88%.

Q13 **Mr Francois:** You told us that the requirement was 9,867.



HOUSE OF COMMONS

Maria Mallet: Initially, yes. That is right. That is 88%. In 2021-22, against a Covid backdrop, we hit 6,533, which is 98%. In 2022-23, we hit 68%, which was 5,555.

Q14 **Mr Francois:** We are now in January 2024.

Maria Mallet: This year, the figure is 9,813 and we are aiming for 70% of that figure.

Richard Holroyd: We are not aiming for it. We are likely to outturn at 70% of that figure.

Q15 **Mr Francois:** Let us be really clear. The target for this year is 9,813. How many have you recruited?

Maria Mallet: To date, we have recruited just over 5,000.

Q16 **Mr Francois:** You have one quarter left.

Maria Mallet: Yes.

Q17 **Mr Francois:** The target of 9,813, in pub English, is just short of 10,000. With one quarter left to go, you are just over halfway.

Richard Holroyd: With a forecast outturn of expecting to hit 70%.

Q18 **Mr Francois:** In terms of what you have done this year, with one quarter to go, you have recruited barely half the people who you are contracted to recruit, correct?

Richard Holroyd: Year to date, that is correct.

Mr Francois: Sorry, Derek, but we got right to the bottom of that.

Q19 **Derek Twigg:** Just coming back to your 95%, which you talked about before, it has dropped an awful lot since then.

Richard Holroyd: Yes.

Derek Twigg: It is much worse than the picture that you originally painted to us when I asked you the question five minutes ago.

Richard Holroyd: Yes. What we have given you there is regular soldier. When you put in the regular officer figures—

Q20 **Derek Twigg:** That is the next question.

Richard Holroyd: When you take the blended rate over that period, it is 95%.

Q21 **Derek Twigg:** Let me just get this right. There was an annual requirement for 700 officers. In the figures that we saw, there were 35 officers short each year entering basic training. Is that right?

Maria Mallet: It depends on the year, but we have hit 96%, 95%, 95% and 93%, and over 100% this year.



HOUSE OF COMMONS

Q22 Derek Twigg: I am trying to match 700 officers as against trying to recruit 8,500 soldiers and, when you blend them both in, hitting 95%. Maybe my maths is not the greatest.

Maria Mallet: We are talking about regular officer. The 700 would include special roles as well.

Richard Holroyd: Your challenge, as I understand it, is because I used a figure that took the number across the whole period and blended it all together.

Q23 Derek Twigg: Basically, we started off at 95%, but it has dropped considerably, so we are fine with that. Do you want to just cover the officers?

Maria Mallet: Certainly, if I do the targets first of all, then I will do the actuals. The targets were 743, 730, 719, 610 and 644. Our actuals are 714 against 743, or 96%; 697 against 730, or 95%; 684 against 719, or 95%; 568 against 610, or 93%; and 645 against 644 this year.

Q24 Derek Twigg: Thank you for that. Can I come back to one of the issues that we raised in private session? I will raise it here, because it is a public figure. The Army forecast that it would save £267 million, but by 2018 it had saved only £25 million. I note what you said in the private session, but for the Army to come to that figure, where it projected that it would save £267 million, did you have any discussions with it at that time and at the outset of this contract about savings that could be made?

Richard Holroyd: I was not in Capita or part of this contract. In fact, none of the team here were, because we changed the entire management team in 2018.

Q25 Derek Twigg: I am sure that you have read the papers and the records that existed around it.

Richard Holroyd: I have not read the original business case.

Q26 Chair: Why not?

Richard Holroyd: To be honest, there has not been a requirement to. We have been really focused on the current operation and delivering against that. I have been through the NAO report. As of 2022, the total spend of the contract was somewhere in the region of £755 million, of which Capita at that point had made a £35 million loss. That is in the NAO report.

Q27 Chair: Surely, when taking over a troubled project, you would go back to base to look at, "What were we originally supposed to do with this project, how did we deal with it and what went wrong?"

Richard Holroyd: In those terms, I have been through what was the original specification, but I have not been through the detailed business case. Certainly from everything that I have dealt with in these types of contracts, the bidder is given an affordability envelope to hit. We are told



HOUSE OF COMMONS

what the affordability elements are and, therefore, asked to construct a solution that falls within that affordability. What we do not see is what the current costs are for the current operation, nor are we told in detail how the benefits will be realised in the operation.

I happen to know from previous experience that, prior to 2012, the regiments of the Army used to fund recruiting from what we used to refer to as the black economy and put soldiers taken from frontline units into the recruiting areas in order to enhance recruiting. That would have been, therefore, a benefit to be realised by not doing that, but I have absolutely no idea where that would sit in the defence budget, and it would not have been visible to any of the bidders in 2012.

Q28 Derek Twigg: You did not read the business case, so you cannot answer in terms of what was said to the Ministry of Defence at that point in time, when the contract was being put together and the projected savings were being discussed. No one in Capita has any idea about that.

Richard Holroyd: To the key point—and I deal with other contracts elsewhere—we are given, in the tender process, a set of affordability criteria to hit. We talk about how we will hit that, and we may talk about how we are going to deliver efficiency within the affordability envelope. The defence budget and the defence numbers have never, in my experience, been exposed to us. I am very happy to write to this Committee afterwards around that business case and where we are against it, and to share the detail that we have about it.

Q29 Jesse Norman: Presumably, you are paid more for the marginal recruitment to incentivise you to recruit more up to the target. Is that right?

Richard Holroyd: No. We are paid on the assumption that we will hit 100% of the target. Therefore, we incur penalty payments for every KPI below that 100% that we fail to hit.

Q30 Jesse Norman: It amounts to the same thing. You are given incentives to hit the target.

Richard Holroyd: As a businessman, the way that I look at it is that I have a downside risk. Failure to deliver means that my revenue and my margin decrease. There is not an incentive. There is a penalty.

Q31 Jesse Norman: The number that you first came out with was 95%, but if you sum the totals of the numbers that we have discussed for the ordinary soldiers, as I have done, you have recruited 36,597 against a target of 43,975, which is 83%. That is way off, overall and in the aggregate, over the last five years. That is not 95%, but 83%. How can you talk about 95% when the numbers are as low as that?

Richard Holroyd: I do not have the space to go through those maths. I understand it to be, between officer and soldier, 95% over that period. I will go back and revisit the maths.



HOUSE OF COMMONS

Q32 **Jesse Norman:** We can share the maths with you, but can you respond to us on that, because that would be helpful?

Richard Holroyd: Yes.

Maria Mallet: For regular soldier and regular officer, we were in the 95% bracket for a few years, and I think that that is what Richard is trying to get across.

Q33 **Derek Twigg:** Sorry, Ms Mallet, I might have missed this in all the discussions we are having, jumping back and to. Did you give the 2018 figures?

Maria Mallet: I did not. Apologies, I will look now for you. The target in 2018-19 was 9,238 and we have 5,828.

Q34 **Derek Twigg:** That was in 2018 for regulars, and what was it for officers?

Maria Mallet: The target was 730 and we hit 684.

Q35 **Mrs Lewell-Buck:** Good morning, all. Just to drill down a bit more into some of these figures, are you able to update us on how well the Army is recruiting against pinch point trades, which are those in short supply across the whole of the Armed Forces, such as cyber, chef, and supply chain operatives?

Maria Mallet: We are always looking at the data and trying to improve. Some of the pinch point roles this year are communication specialists and HR specialists. Chefs are a little more difficult than normal, as in the marketplace.

Q36 **Mrs Lewell-Buck:** What are the targets that you have been set and how are you performing against them?

Maria Mallet: I do not have the target in front of me, but I can tell you that we are going to hit about 25% of HR specialists and communication specialists. We are asked to recruit just over 100 of each.

Richard Holroyd: There are 73 specialisms. We will need to write to you after this and give you the specific target and the performance against target.

Q37 **Chair:** Just ballpark and impressionistic, what level are you hitting? What is your best and what is your worst?

Maria Mallet: In the pinch points, the worst are around 22% of target.

Q38 **Chair:** Is that off target or of target?

Maria Mallet: Of target.

Q39 **Chair:** That would be 78%, for example.

Maria Mallet: We would be missing it by that in the worst cases.



HOUSE OF COMMONS

Chair: That is why I was asking whether it was of or off target.

Maria Mallet: We would hit 22% of just over 100.

Q40 **Mr Francois:** For the key pinch points, you are barely recruiting one in five people who you need.

Maria Mallet: For some roles, yes.

Q41 **Mrs Lewell-Buck:** Which roles are those?

Maria Mallet: HR specialists and communication specialists. For the better roles, we are recruiting up to 91% or even 100%. That would include the Paras, combat med techs, vehicle mechanics, dog handlers and police.

Q42 **Mrs Lewell-Buck:** Could you send us a detailed breakdown of that?

Maria Mallet: Yes.

Chair: If you could send us that, that would be helpful.

Q43 **Sarah Atherton:** How are you targeting this? We see a critical time for personnel across the military, not only in the Army, but in particular in the Navy. Going back to these pinch points, where you are really struggling to recruit, how are you addressing this?

Richard Holroyd: We are going at it in a number of ways, as you can imagine, because, as I highlighted, we are incentivised to make sure that we hit those targets. When we can see the data coming in, we adjust the marketing around those pinch point careers. The way that this works is that, when we are looking to get, for example, to the total number of Paras who are required in the year, we will make sure that we adjust the way that the marketing is targeted in order to encourage chefs, petrol, oil and lubricant specialists, and HR professionals.

Therefore, in the "You Belong Here" ads, you will notice that they are always combined arms. They are multidisciplinary teams that you see. In the digital advertising that goes into social media channels and on to local radio, you will hear specific callouts. We will be highlighting that, for example, for a career as a driver, all the driving licences are available and that, very quickly, you will become an HGV class 2 driver.

In our recruiting offices, between the soldiers who serve in them and the Capita recruiting specialists, a large proportion of the people are also veterans. We spend a lot of time there shaping the people who come into the offices.

One of the things that we work very closely with the Army on is to be more flexible in terms of entry dates and start times. Previously, we would have been told to recruit five combat med techs, of whom two need to be female, and they need to start training on 5 September at Pirbright. You can imagine that, if you have more than that number, they



HOUSE OF COMMONS

were being deferred to a later entry. If you had less, you just lost those vacancies.

This is why the partnership is so important, because we are able to say to the Army, "We have only six drivers for this next intake", for example. "We can see further down the process that we have another 10, but we want only five on the next training course. Can we flex those numbers to try to drive up the number of drivers and stop people waiting to join?" It is a constant dynamic of continuous improvement.

Q44 Sarah Atherton: It is a different Army to mine, where your critical pinch point is HR. How are you targeting Commonwealth soldiers?

Richard Holroyd: I will pass to Maria for details. Interestingly, as soon as the Army announces its recruiting, we can get overwhelmed with Commonwealth applications. We had a particular spike last September because the word went out in Ghana that we were recruiting and, over that weekend, we had nearly 2,000 applications. Targeting the Commonwealth is not the challenge. The challenge of the Commonwealth is sorting through the application processes.

Q45 Derek Twigg: On the number of pinch points between 2018 and now, but not in a specific grade, are there more trades and specialists that we are short of than we were then? Numbers on a specific pinch point are one thing, but are there more pinch points?

Richard Holroyd: There are a couple of trades that are continuous pinch points.

Q46 Derek Twigg: Are there more problems than there were in 2018 in terms of recruiting for a broader range of specialist skills?

Maria Mallet: On the reset, we reset the governance and the data, and that has given us loads more data. We know exactly who is in the pipeline and who is coming along, et cetera. I probably could not comment on 2018, which was my first year.

Q47 Derek Twigg: Could you write to us with the number of pinch points that currently exist compared to 2018?

Maria Mallet: Yes.

Richard Holroyd: We can absolutely do that, and the change in terms of where the pinch points are.

Derek Twigg: Currently, the Government do not seem to be producing this information in the way that they used to.

Q48 Chair: When you get applicants from the Commonwealth, is it you or the Army that undertakes the initial shift in country?

Maria Mallet: We undertake the recruitment of that person. First of all, we make sure that we have a role to put the Commonwealth person in, because the Army does not accept Commonwealth in all roles. We make



HOUSE OF COMMONS

sure that we have a role that suits the applicant and then nurture that person all the way through to basic training and start.

Richard Holroyd: So we do the sift.

Q49 **Chair:** In order to be recruited, do they have to come to the UK under their own steam?

Maria Mallet: Yes. Once they have done their assessment, they will know whether they have passed and whether they will get a visa on the back of that.

Q50 **Chair:** What is the ratio of success to failure?

Maria Mallet: At assessment centre, we get about a 50% pass rate of Commonwealth candidates.

Q51 **Mr Francois:** It was originally a 10-year contract from 2012. The contract then had a major reset in 2018. Why was the contract reset?

Richard Holroyd: It was reset in recognition of the fact that it was not performing to the levels that it needed to perform to. The incoming CEO in 2017, Jon Lewis, met the then chief of the general staff, General Sir Nick Carter. Between them, they agreed that the contract needed a major reset. As you will know, Lieutenant General Ty Urch oversaw that reset.

Q52 **Mr Francois:** By the way, is it not true that, when Nick Carter was a two-star general, he was the guy who recommended outsourcing Army recruitment? Was it not his idea in the first place, or am I wrong?

Richard Holroyd: I am not sure. I could not comment. I hear several people suggesting that it was their idea.

Q53 **Mr Francois:** Maybe it had a number of fathers, as the saying has it, and perhaps he was one of them. If we look at how badly you performed before 2018, the original target was approximately 10,000 a year for other ranks. These are the Army's figures. In 2013-14, you recruited 6,184. These are people who enlisted in the Army. In 2014-15, it was 7,285. In 2015-16, it was 7,494. In 2016-17, it fell back to 6,291. As a percentage of the target, that was 61%, 73%, 74% and 69% respectively.

To put it another way, in 2013-14, the Army was nearly 4,000 short. In 2014-15, it was just under 3,000 short. In 2015-16, it was 2,500 short. In 2016-17, it was another 3,000 short. The effect of that some years on is that we have infantry battalions that are half strength or less, because, each year that you failed to hit those targets, there are a lot of missing soldiers. When you aggregate that, you end up with an Army that is massively hollowed out. Do you accept that?

Richard Holroyd: I absolutely accept that, as per your figures—

Q54 **Mr Francois:** Sorry, there is never enough time in these things, so I do



not mean to cut across you. It was reset in 2018, because, by your own admission, it was not working. Ty Urch then comes in and, basically, takes it back in-house. Then the Army, effectively, took over and fixed it. Now he has gone and it is back in your hands. For this year, as you have said, three-quarters of the way through, with another quarter to go, you have recruited only about 50%.

In terms of key pinch point trades, when you say “communication specialists”, I take it that you mean signallers in old money, who are immensely employable from everyone from BT to BAE Systems. Three-quarters of the way through, you have hit only half the target for this year and, for the key pinch point trades, you barely have one in five. That is correct.

Richard Holroyd: Yes, that is correct.

Q55 **Mr Francois:** What word would you use to describe the situation?

Richard Holroyd: Challenging.

Q56 **Mr Francois:** I remember chatting to a sergeant major once, who said to me, “Is it true that Capita works for the Russians?” I take it that you do not. It is not challenging; it is a disaster. I have it on very good authority that, for every one person who now joins the Armed Forces—because this is not just a problem in the Army, to be fair to you—three are now leaving. We are losing people at a ratio of three to one.

We are—and I use the word deliberately—haemorrhaging Armed Forces personnel, particularly key specialists like avionics engineers, marine engineers and Army communication specialists, to the point where, within a few years, the consequences will be operational failure. We will not be able to fight, because we do not have enough skilled people to operate the very expensive kit that we buy.

We have to stop people leaving. We have to stop the haemorrhage of outflow. Then we also have to recruit to make up the gap. What are you going to do? There are some people very high up in the MOD who are in total denial about this, but not all. What are you going to do in your contribution to the second part of that? If we can stop them somehow from haemorrhaging, how are we going to recruit far more than 50% in a year? We have to do two things. We have to put a plug in the sink and then widen the aperture of the recruitment tap, do we not? What are you going to do about getting more out of the tap?

Richard Holroyd: As I mentioned in the previous session, we are working extremely hard on moving the cycle time, by which I mean the speed at which you go through the process. We are aware that that time lag and the fact that it takes 150 days to join the Army means that some of our potential recruits get attracted elsewhere because there is a speed to get a job that is higher elsewhere. Hence the use of that technology, as we previously discussed, to move the medical records through the process much more quickly and to digitise medical records, et cetera.



HOUSE OF COMMONS

We have invested a lot of money, time and effort from the Capita side in the nurturing effort. We now contact and remain in contact with those potential candidates throughout the journey, to the gates of basic training. We have also put recruiters into the basic training establishments, because, as you know, a recruit can discharge as of right in the first five weeks if they have worked out that the trade that they have chosen is not the one that they now want to join and have changed their mind, having been a bit closer to it.

We now catch those people and, therefore, recycle them back into the process where we can, so that we can help them to shift back into the trade of their choice. If they chose to be an infantry soldier but decided that that was not for them and they really wanted to be in the Royal Military Police, we are able to catch that.

Q57 Mr Francois: This is all positive stuff. On that basis, you have just under three months left to go over the final quarter of this year. You are currently on 50%. By the time we get to the end of March, where do you think we will be?

Richard Holroyd: We are forecasting hitting 70%. I believe that we are going to hit 70% of the target.

Mr Francois: Over the year.

Richard Holroyd: For the year, and that is the number that we have shared with the Army in our meetings. As you will recognise, this is a constant process. I referenced earlier the 485 applications that we received yesterday. Those will now be in the pipeline and will hit next year's recruiting number. I refer to this constantly as a partnership, because it needs the whole operation to work together, hence General Sanders' decision to support the wider engagement.

Q58 Mr Francois: Can I pick you up on that? In his evidence, he told the Committee that, after operations, recruitment "is my highest priority. We are taking 400 soldiers out of the field army to put them alongside recruiters, because—guess what?—it takes a soldier to recruit a soldier". He is throwing 400 more soldiers from the field Army at it, while the taxpayer is already paying you a very considerable amount of money to recruit. We now have to pay 400 soldiers, who the taxpayer also funds, to make up for your shortfall. Are you giving the MOD a rebate of any kind?

Richard Holroyd: No, and I do not believe that what General Sanders is doing is driving into the recruitment area. In fact, I had a discussion with him in November over this particular activity.

Q59 Mr Francois: He appeared before us. We were here. I just read you the quote. Of course they are in the recruitment area. That is why he is doing it.



HOUSE OF COMMONS

Richard Holroyd: They are in an activity that the Army calls—and I agree—“engage to recruit”.

Q60 **Mr Francois:** This is sophistry, is it not?

Richard Holroyd: No. To use a statistic, only 7% of the cohort at recruiting age will know somebody who is serving or has served in the Armed Forces. That is a very different statistic from when I joined, when nearly all of us knew somebody who was serving or had served. The activity that General Sanders is supporting is the wider engagement. I remember serving, and we used to hold what we called “keeping the Army in the public eye” tours. Those KAPE tours are the sort of activity that General Sanders’ “engage to recruit” activity is driving.

Q61 **Mr Francois:** So it is activity designed to enhance recruitment, but it is not recruiting.

Richard Holroyd: Correct.

Mr Francois: Anybody watching will be laughing their head off at you. I have a last couple of questions.

Maria Mallet: Sorry, if I could just—

Q62 **Mr Francois:** No, sorry. A few years ago, Capita’s share price was a little way north of £4. This morning, when the market opened, it was 20p. That may have something to do with your performance on contracts like this. Is it true that you are on the Cabinet Office watchlist of firms that it is worried might go bust, a bit like Carillion?

Richard Holroyd: I am just going to turn to Ross.

Ross Haynes: I deal day to day with our relationship with the Crown representative and the Cabinet Office, and that is not how I would depict our relationship.

Q63 **Mr Francois:** How would you depict it? Some people are saying that they are very worried that you might go under.

Ross Haynes: I would not depict it as that. I would depict our relationship with the Cabinet Office, as Richard has said, as a true partnership. We share information in relation to our performance, contracts and financials with them on a regular basis and open ourselves to scrutiny as a strategic partner. I would not depict the Cabinet Office as being worried that we are going bust.

Q64 **Mr Francois:** Why has your share price gone from four quid-something to 20p?

Ross Haynes: There are a few technical reasons for that.

Mr Francois: Share a couple.

Ross Haynes: For example, we did a rights issue to the market in 2018, so more shares were generated at that point. Moreover, we sold off a



large number of companies in our portfolio to deal with historic debt as part of a large turnaround.

Q65 **Mr Francois:** Normally, if you reduce your debts, your share price goes up.

Ross Haynes: Finally, at this point, we have not yet paid a dividend to shareholders, which, of course, does restrict it. There are a number of reasons why, but the only way that we will continue to drive our share price and, indeed, performance for shareholders is by continuing to deliver contracts like this, and I can assure you that this leadership team are really focused on that.

Mr Francois: You would be surprised at how many Armed Forces personnel watch these hearings, because, when we do the visits, they tell us. Most Armed Forces personnel who have been watching this hearing would be very disappointed.

Q66 **Sarah Atherton:** Can I just pick up on something that you touched on, which is medical assessments? Am I right in thinking that you lose 40% to 50% of potential recruits because of failed medical assessments? Can you talk about the relationship between Capita's interpretation of the defence medical policy? Is there any scope for improvements on that? I am sure that our population is not more ill than it was five years ago.

Richard Holroyd: It will not surprise you that this is a subject of constant review in the personnel campaign board that I referred to, where we aim to surface in detail the management information and data from that. The GP from the surgery that the candidate comes from provides the record, and they are then seen by another GP at the assessment centre. The medical standards are very definitive about what is and is not acceptable, so what is and is not a pass. I had this conversation with a senior medical officer in defence just recently. Defence policy is specific and unequivocal.

Where we identify that there is an issue that we believe is marginal—so, subject to some form of additional judgment—we pass that in a referral to a military doctor to be checked in order to ensure that we are not losing somebody who we should not normally lose.

We have also used data to improve the process. For example, a few years ago, if you had a record of asthma, you had to show four years clear of asthma before you could join the Army. We used data to prove that that should be reduced to two years, and it has been. We have just made a proposition to the Army that we can reduce that to one year.

The truth of the matter is that the amount of medical scrutiny, evidence and science that we now have has progressed such that we have far more data on people than we used to have. Broken bones is a particular issue. A childhood rugby injury may preclude somebody, and therefore we are constantly challenging the Army to relook at its policy and processes, because we can see that the current England rugby team



HOUSE OF COMMONS

would struggle to join the Army. The Army is very aware of that and completely supportive. We have introduced with it what we call a military judgment panel, where we can pass things into judgment and a one-star officer reviews cases.

We have similar issues, incidentally, around tattoos. Tattoos that are above the collar or on the hands mean that you cannot join the Armed Forces. We are, again, passing that. We get photographic evidence to show the military judgment panel and say, "We think that this is perfectly acceptable to join the Armed Forces".

We have particular issues around mental health. We have a campaign with our young people that says that it is okay to not be okay. As a consequence, people will quite often refer in their joining that they may have had a mental health issue, because it is okay not to be okay, but the military requirement is that a mental health issue requires a detailed report, so we have got out of kilter.

All these are completely recognised by the Army and Capita together and, therefore, we push very hard on these, because there are people who I and the Army believe should be able to serve.

The final point that I would make—and Maria may have some more detail—is that the current medical system assumes that you will serve 22 years and, therefore, the medical standard is based on the fact that you will serve 22 years. The average length of service in the Army is just above six. The Army is absolutely aware of this and has seized it, and we are working together to see how we can adjust that.

When General Sanders says that recruiting is his No. 1 priority below operations, I meet with him on a regular basis to review all of this. He is taking a personal interest in all the points that I am raising here.

Maria Mallet: We are here to hit the target, so we are always recommending different things to the Army. I will just give you some more examples. On asthma, we have managed to get nearly 400 extra candidates through the pipeline as a consequence of the Army changing that. We have an online medical questionnaire. We have suggested that the Army change that in two ways—one to make it shorter and one to make it a little clearer to the candidate. As a consequence, we are getting 2% to 4% more people through the pipeline.

We have talked to them about BMI. Rugby players, as a good example, have a high BMI and would not get into the Army. We now have a borderline, where, if they are slightly outside the BMI rating, we can put the people on to a soldier development course.

More recently, we have recommended that they look at hay fever and dermatitis. If it is a mild case of dermatitis, they were allowing us to get candidates through. This has just happened, and we have managed to get 13 candidates through so far, but I am sure that there will be more



HOUSE OF COMMONS

coming. In terms of hay fever, we are talking to them about the deferred period. As Richard said, with asthma, the deferred period was four years. We are saying, "Shorten that period, like you have with asthma". We have not had an okay yet, but we are talking to them and I think that they will do that.

Just with reference to tattoos, we used to have to say to people upfront, "Your tattoo is in the wrong place," or, "Your tattoo is not acceptable to the Army". Now we are telling them upfront that it is not acceptable but then putting them all the way through the process. At the end of the process, they know that they might have to change their tattoo. Capita has put in a hardship fund for those who are not able to pay to change or remove that tattoo.

Richard Holroyd: We are helping them pay for a cover-up.

Q67 **Sarah Atherton:** In terms of childhood diseases, food allergies and dermatological conditions such as eczema, it is very much a different assessment when you are a child to what your clinical presentation is when you are older. I am glad that you have that dialogue, because there are a lot of potential recruits who want to join but feel that they cannot. It is about getting that message out and making people aware that it is no longer black and white.

Richard Holroyd: I can tell you that, at these committees with a number of two-star and three-star generals around the table, we end up discussing bunions. There are two types of bunions, but bunions exclude you, even though one of set of bunions should not. It is that level of detail at that seniority in an effort to unblock this pipeline.

Q68 **Sarah Atherton:** In their earlier years, of course, women tend to see a doctor a lot more, and that leads me on to diversity targets and recruitment of women in the military. When we looked at the experiences of women in the Armed Forces in 2021, your target was 12%. You mentioned that you have now been given a range, which is quite convenient, of 10% to 15%. For last year, were you given a specific number of women who they wanted you to recruit?

Maria Mallet: We have been given a percentage number of the demand plan. If the demand plan is 9,404, they might ask us for 13% of female against that demand plan. Demand plan is the total vacancies.

Q69 **Sarah Atherton:** What did they give you for 2022-23?

Maria Mallet: Last year, our target was 14% for female.

Q70 **Sarah Atherton:** You made 10.5%.

Maria Mallet: Yes.

Q71 **Sarah Atherton:** Six-hundred and seventy joined. This is not your issue, but 810 left, so they are running at a deficit of women, which picks up on my colleague Martin's question before. What are you doing to address



this?

Maria Mallet: We have a D&I manager. We have done a fantastic D&I strategy that has been approved by the Army to go ahead. We have a female working group, which is looking at what extra tools we require to nurture females through the process. We have identified, and it is generally known in the marketplace, that females just need a little bit more assurance than males, and we are looking at a number of new tools to do that. For example, we were looking at a seven-day initial contact. As the individual applies, instead of waiting until after they have done their online medical questionnaire, we are getting in contact with them straight away and giving them more information over the first seven days of their application. This year, we are hoping to get 1,877 females into the Army against our target of 14%.

Q72 **Sarah Atherton:** I agree with my colleague on this. Until the Army improves its reputation, you are always going to struggle. The target of 30% recruitment—it was 40% for the RAF—was then downgraded to a level of aspiration. I take it that that has been quietly shelved now, has it?

Richard Holroyd: We have conversations with the Army at the strategy level about the importance of the Armed Forces representing the society that they serve. I can certainly report that the senior generals are completely focused, exactly as you are describing, on improving the numbers and driving to hit that 30%, and we completely support that.

In addition to everything that Maria has talked about, role models and having female soldiers in those recruiting offices are incredibly important. We support that role modelling and, again, in the marketing and advertising campaigns, you will see lots of females in all the roles. On a personal basis, I am really heartened by how many more female soldiers there are, and the fact that they are in infantry regiments and armoured regiments, which was not the case in my day. I can see that there is significant progress, but there is much more to do.

Q73 **Sarah Atherton:** I do like your adverts by the way. I have to say that. How many females register an interest and how many make it to basic training?

Maria Mallet: Of every 100 applications that we get, we get about five into the Army.

Q74 **Sarah Atherton:** How does that compare to their male counterparts?

Maria Mallet: The regular soldier would be eight. Including defers, it is about 10. Including defers in the female world—those who take a little longer to come through—it would be six.

Q75 **Sarah Atherton:** Are more failing at the medical assessment stage? Is there any evidence there?



HOUSE OF COMMONS

Maria Mallet: Yes. It is medical, and it is sometimes booking on to the next stage, which is the project Richard spoke about that we are looking at to try to stop that happening. Sometimes, they will pass a stage but not book to the next stage of the process.

Richard Holroyd: They drop out on their way through.

Maria Mallet: It is like they lose confidence.

Q76 **Sarah Atherton:** What are you doing to address that? Once you have caught them and they have registered an interest, you need to nurture that.

Richard Holroyd: We call them. I visited a recruiting office recently and was speaking to the woman there. She calls all the female recruits. She has them on WhatsApp; she keeps in touch and encourages them. They sometimes just take longer and need more reassurance that it is a safe place to join. She puts them in touch with more role models and answers more questions.

Q77 **Sarah Atherton:** Do you have a female in every recruitment office?

Richard Holroyd: We do not have one in every recruitment office, but we have enough around the recruiting offices that, where we need to make sure that there is a female present to talk to a female, we can achieve that.

Maria Mallet: We have a female in nearly every office, but not an Army female, if that is what you are referring to. There is always somebody. Our recruitment offices are run two or three together, so there is definitely always a female to talk to. We also have something on our website called PathMotion, which females can go into and talk to any serving soldier. They can ask a female Army person female questions.

Q78 **Sarah Atherton:** How many drop out or are discharged through basic training? Once you have got them there, how many then leave?

Richard Holroyd: Do we have that figure?

Maria Mallet: No, we would not have that figure.

Richard Holroyd: We would have to come back to you with that figure.

Maria Mallet: It would be the Army that could give them.

Q79 **Sarah Atherton:** Some women who leave—and we are talking about small numbers—felt that they were not properly prepared for what they then faced during basic training. It came as too much of a shock to them.

Richard Holroyd: We offer and encourage inter-soldier development courses and the Be Military Fit courses, et cetera. Hence, this year, we put those recruiters into the training centres exactly to support and catch those people who say, "I'm not quite ready".



HOUSE OF COMMONS

Sarah Atherton: Where women are concerned, you have a challenge.

Q80 **Chair:** You mentioned the England rugby team. BMI is surely a proxy for fitness, and yet, as you rightly indicated, the England rugby team might fail on that. Certainly, the New Zealand and Fiji rugby teams would as well, by a sizable margin. What is being done to address this fundamental flaw in the system?

Maria Mallet: The Army medical services are looking at BMI, along with most of the entry standards in medical, and what they can do to change things.

Q81 **Chair:** How long have they been doing that for?

Maria Mallet: The new recruiting year is coming up, so they started in summertime of this year.

Q82 **Chair:** It has been blindingly obvious since we were recruiting Fijians 20 years ago.

Richard Holroyd: It is a constant point of review. As I say, I am heartened by the fact that senior military officers see exactly the same thing. I have had conversations with senior defence medical officers as well. It is a recognised problem and they are going back to look at policy.

Chair: We may need to write to them directly.

Q83 **Richard Drax:** On hay fever, I am so glad to hear what you said, Richard, about common sense at last. I cannot believe, for example, that some of David Stirling's men did not have hay fever. They did pretty well, so this whole thing just has to be sorted out.

On the question of people going through medical issues, the main issue, certainly from what I am hearing, is time taken. You have said that there is another board to judge the board, and another doctor to judge the doctor. When someone joins the Army, male or female, they want to get in and get training as soon as they can. They do not want to have to wait a year or six months, or whatever it is. They will go, and you will lose them. What are you doing to ensure that borderline medical issues are dealt with as quickly as humanly possible?

Richard Holroyd: You are absolutely right. We work very hard in the initial medical triage, where the candidate, on first application, indicates whether they have a major medical issue that would preclude them. That just stops people who clearly would not make the standard from progressing any further. From that point on, there is a requirement to get the GP's record. I referred earlier to the attempt to get that. We have approved the pilot to get that surfaced digitally straight from the English GPs into the system. We nurture, nag and nudge the candidate to nudge the GP. We nudge the GP to make that happen quickly.

We may end up with a candidate who has a marginal issue, so there is a point of judgment where the GP is saying, "Technically, this isn't right". We had an issue recently with a female potential candidate who had



issues with menstruation, and we were able to refer that to a military doctor for them to look at and say, "Yes, we think that this is okay", because, technically, that candidate could not proceed further. That happened in days, not weeks, because the Armed Forces are absolutely focused on the fact that this needs to move quickly.

Q84 Richard Drax: Do you have a company target where you say to the recruit, "We'll let you know in a month", or two, three or four weeks?

Maria Mallet: We have processes for everything. We have an appeals process, for example, and we are able to tell the candidate where they are in the appeals process and how many steps the appeals process has. If a candidate has gone through assessment centre and, for some reason, is now going to the medical panel, we are able to work with the Army—it is all about partnership—and say to the Army, "When is the next medical panel?" so that we can tell the candidate what panel they are going on to, et cetera.

Q85 Richard Drax: This is so important. Young people want to join the Army. If they get delayed, they are probably going to not join the Army, or it will be a factor. What are you doing as a company to ensure that these borderline medical assessments are done as quickly as possible? I understand all your policies, and your this and your that. How do you say, "Mr X"—or Ms X—"we are going to get this done as quickly as we can. We will take no longer than a month"?

Richard Holroyd: Because we are able to surface the data, we know exactly who is dwelling in the process. We are able to work out precisely the cycle time and the speed through the process. Where we find that there is a process that is running simply too long as a whole, we interject in it. We can put additional people into that process in order to speed it through. Where we can see individuals who have got into lag mode, if you like—they are caught and are going around the loop—we can target them and seek to pull them through the process more quickly. Sometimes, individuals do not want to be pulled through the process more quickly, hence the outbound calling and staying in touch, so helping and knife-and-forking it through the process.

One of your colleagues earlier raised incentivisation. This is a penalty-based contract. We face penalties every time we lose somebody, having caught them. We needed 77,000 applications this year to achieve that target. The conversion rate is about 10:1. You can see where the fallout is. We are not seeking and cannot afford for anybody who has registered, applied and started to commit to the process to drop out of the bottom, because it is a financial disincentive for us.

About 40% to 50% of staff are ex-military, so they are veterans. We employ a considerable number of military spouses as well as professional recruiters. Everybody but everybody is committed to what this does. We do not let anybody drop out of the process, because it does not work for us on any level.



Q86 Jesse Norman: I just wanted to follow up on a couple of points that have been raised. The first is BMI. The Chair is exactly right about this, of course. Can I just remind you that a BMI of 30 is classified by the NHS as clinically obese? It is your and the Armed Forces' policy to recruit people who are clinically obese at the moment. That cannot be right. That cannot be the correct way of interpreting BMI. I cannot understand what the obstacle within the MOD or within the Armed Forces could be to this obviously nonsensical situation. Perhaps you can just, in one sentence, tell me what the obstacle is.

Maria Mallet: This is a query for the Army, not for us. We always go to it with data.

Q87 Jesse Norman: It is an Army problem. That is fine. We have talked very quickly about causes, but the only causes of dropping out that we have heard so far on the medical side are asthma, hay fever and tattoos. It is mainly not about a medical issue at all. It is about speed of process through dropping out and processing. It is administrative, really, just at the medical stage, or so you seem to be saying. I am interested in what the causes are. Are there other causes that you are not touching on, for example mental ill health?

Richard Holroyd: I touched on that earlier. There is mental ill health. There are dermatology issues and people with skin complaints that, if they were put into either arid or jungle conditions, would cause them a problem. We have issues with dental health, where people arrive at an assessment centre with severe dental issues. We will certainly write to the Committee with all these statistics. We have talked about obesity. They are right across the spectrum. Mental health is a clear one. There are a lot of musculoskeletal issues that might limit somebody's ability to carry out a role.

Q88 Jesse Norman: When people make a decision about the Army, they make a decision that they think of potentially in terms of careers. Do you look at the other end of the process as part of the recruitment process? That is to say, what credentials are soldiers getting? How is transition working for them? What future is there for them once they leave the Army? That is an important part of it.

Richard Holroyd: Yes, it is. On the personnel campaign board, which I co-chair, we review the numbers that were being quoted earlier.

Q89 Jesse Norman: There are huge concerns about transition, support and education.

Richard Holroyd: A happy soldier who leaves is a very good recruiter for another soldier. The whole process about leaving the Armed Forces—and it is the Armed Forces, because an ex-sailor will recruit a soldier—is incredibly important, and that is absolutely recognised, which is why the personnel campaign board looks at input and output. We will highlight where those career opportunities are. I have spent some time with strategic command talking about soldiers for the digital age, what the



opportunities for training are and how we can help support that in some of our marketing and recruiting the right people. If you excuse the business phrase, this is an end-to-end operation in every sense.

Q90 Richard Drax: How does the recruiting partnering project compare to recruitment targets for the Royal Navy, the Royal Marines and the Royal Air Force?

Richard Holroyd: I have only the same statistics that are available in public record on how the Royal Navy and Royal Air Force are recruiting. What I do know is that the US Army is falling 15,000 short of its recruiting target. Interestingly, given the discussion about BMI, it has a real issue with obesity in the US. Even though the Canadian Armed Forces have adjusted their entry standards and are much more flexible, they have a conversion rate of 13:1. We are at 10:1. I do not have the data, because it is not shared with me, about Royal Navy, Royal Marines and Royal Air Force performance. Even though the *Sunday Telegraph* reported that we were accountable for recruiting the Royal Marines, we are not.

Q91 Richard Drax: In your world, though, you must get a feel for what is going wrong with the Royal Navy, for example, which is critically short, to the point that it is having to lay off ships. This really is extremely serious.

Richard Holroyd: We run Selborne, the Royal Navy training contract. We interact with the Royal Navy in detail about training and learning, and the modernisation of that. I know that the Royal Navy is suffering similar issues, but I do not know the details or the statistics. We are working with the Royal Navy around medical entry standards. We are sharing knowledge. We provide on-call GPs to support the Royal Navy and Royal Air Force medical assessments. They have a slightly different process. They do not have assessment centres at Pirbright and Lichfield like we do. They use a distributed GP service, which we provide for them. We have been sharing with them our learning around medical standards. We have been working with the Royal Navy to help it reduce the number who are deferred medical entries.

Q92 Richard Drax: What feedback do you get when people leave and the reasons for it? Maria, you listed four reasons why you are having difficulty in recruiting. Do you get any feedback as to why they are leaving? In our day, the Army had 150,000 soldiers. In tours of Northern Ireland, for example, you had roulement tours of four months and then a break of a year or so before you went back, so there was plenty of breathing space. The soldiers, sailors and airmen we have met in the last year or so all say that the stress and strain on families—because of the size of the Army, which is now at a historic low, and because the jobs that the MOD is sending them to continue to rise—in terms of marital breakdown, et cetera, is enormous. Is that the sort of feedback that you are getting?



Richard Holroyd: As the recruiting partner, we do not get the data behind the Army's continuous attitudes survey, which was in force. I have seen reports in places, but I do not get it formally.

Q93 **Mr Francois:** They are all published.

Richard Holroyd: I do not get it formally. I see those reports. I recognise what you are describing. What we see, and what Maria has the stats for, is the recruit satisfaction. We survey the recruits as they go through the process to ask them about satisfaction and improvements in our service. I recognise all the things that you just described in the continuous attitudes survey report that I have read.

Q94 **Mr Francois:** I was going to ask about international comparisons, but you have already touched on some. Just to conclude, the Army has outsourced its recruiting to you. The Navy and the RAF still do it in-house, although maybe Serco or someone else is helping the Royal Fleet Auxiliary.

Richard Holroyd: It might be Serco.

Q95 **Mr Francois:** Basically, they are in-house. The Army outsourced it. We can see from this hearing that it has not been a great success. The MOD's plan is to have a new Armed Forces recruiting programme—the AFRP—that would outsource recruiting to one big contract across all three services. That has slipped to the right again and again. There is a competition in the offing. There is no down selection. The date when it will go live is now either 2026 or 2027. It seems to the Committee that outsourcing the whole thing, based on the record of outsourcing in the Army, would be bonkers. Why on earth should the MOD do that?

Richard Holroyd: The Australians have just outsourced a similar version of AFRP. That is with Adecco.

Mr Francois: They have just done it.

Richard Holroyd: Eight or nine months ago, I think. I do not know the precise details. From our perspective as Capita, this is a multidisciplinary activity. It clearly requires soldiers, sailors and airmen within the process to recruit soldiers, sailors and airmen, and we absolutely recognise that. There is a whole pile of activity that is what I would describe as back office activity around processes—outbound calling to nurture candidates through processes, or issuing rail warrants in order to get candidates to recruiting centres. All that administrative activity, which is the process that we run, is done well by companies like Capita. I refer to my previous service, but the days are gone when soldiers spent their time sending out rail warrants. We send drivers to go and collect candidates who cannot make it to a recruitment centre, et cetera.

Q96 **Mr Francois:** You have made the point. None the less, we have outsourced the Army. Three-quarters of the way through this year, you have hit only half your target. For pinch point specialists, without whom



billion-dollar kit will not work, you are barely hitting one in five, and yet some people in the MOD want to outsource the Navy and the RAF. Einstein's definition of madness is doing the same thing over and over, and then expecting different results. Einstein was right, was he not?

Richard Holroyd: I am not the person to argue with Einstein, so I would have to concede that he probably is. I would add that we have not done and do not just do the same thing. We have achieved a 25% improvement in efficiency through the process. We have been able to bring technology to bear in order to do that. It is not a case of repeating the same activity.

As to in-house or outsourced, that is clearly not a decision for us. We will bid for that opportunity as the incumbent. We were on a multinational recruiting symposium with the Five Eyes community, the Japanese and others, all of whom were struggling with the same challenge to recruit. A number of them are actively considering outsourcing, because it brings the capability of pulling different levels of expertise and recruiting expertise.

Q97 **Mr Francois:** I will give you the last word. We are in a situation where, for every one person who joins the British Armed Forces, three are leaving. That is unsustainable. In the end, we will fail. We have to fix that. Can you give this Committee your word, as the head of the public contracts division of Capita, that you will try to move heaven and earth to improve your recruitment performance in the British Army? Look us in the eye and tell us that. That might be a good point on which to end.

Richard Holroyd: Without hesitation, this has my full attention, as well as that of the plc board and the executive committee. We are throwing everything that we can at this, because it is not just a matter of the financial element. We recognise the importance of this to the nation and to the Armed Forces that we serve, so we are completely committed to working to drive recruiting up and to that improvement that you referred to.

Chair: Thank you for coming today. We await your further submissions on the matters that you are going to refer back to us.