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Defence Sub-Committee

Oral evidence: Treatment of Contracted Staff, HC 275

Tuesday 7 December 2021

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Members present: Martin Docherty-Hughes (Chair); Stuart Anderson; Sarah Atherton; Richard Drax; Mr Tobias Ellwood; Mr Mark Francois; John Spellar.

Questions 51-141

Witnesses

I: Richard Holroyd, Managing Director, Capita Defence, Fire and Security, and Alex Clark, Chief Fire Officer, Capita Fire and Officer.



Examination of witnesses

Witnesses: Richard Holroyd and Alex Clark.

Chair: Welcome, everyone, to the Defence Sub-Committee's second session on the treatment of contracted staff for the MoD's ancillary services. I am glad to welcome Richard Holroyd, managing director of Capita Defence, Fire and Security, and Alex Clark, the chief fire officer for Capita Fire and Rescue. I am very grateful to you, Alex, for taking the time to come down from Scotland to join us today. We are going to go straight into the questions—I hope you do not mind—and I am going to hand over to my colleague, Stuart Anderson.

Q51 **Stuart Anderson:** Thank you very much, Chair. Welcome. Can you set the scene by explaining what services you provide to the MoD, and what would be Capita's defence specialisms?

Richard Holroyd: Thank you. Just by way of introduction, I am Richard Holroyd. I have been with Capita since January, and I am the managing director for Defence, Fire and Security. I had a short spell in the energy industry before this, but for 22 years I was a soldier, so I am delighted to be back serving, if you like, through defence, back on my old stomping ground.

Alex Clark: Good afternoon. I am Alex Clark; I am chief fire officer of Capita Fire and Rescue, as the Chair introduced me. Prior to joining Capita, I joined the fire and rescue service as an 18-year-old—a long time ago, granted—and served a 30-year career in Scotland, finishing as deputy chief officer of the Scottish Fire and Rescue Service.

Richard Holroyd: The range of activity that Defence, Fire and Security supports at the moment is across three large contracts in particular: the Army recruiting contract, for which we have been incumbents for 10 years; the Royal Navy training contract, which we signed in January and started delivering services in April, and which encompasses all training for the Royal Navy and Royal Marines, from basic training to initial professional training; and the Defence, Fire and Rescue Service, where we provide firefighting capabilities across defence. Alex, I will ask you to explain a bit more about that.

Alex Clark: In relation to the fire and rescue provision, we provide fire and rescue services in terms of response arrangements for 25 stations, with firefighters who are directly employed with Capita Fire and Rescue. In addition, we have functional control of the delivery of fire and rescue services into nine RAF-crewed stations and four locally employed civilian stations over in Cyprus. We also provide prevention and protection advice on services into the Ministry of Defence.

Richard Holroyd: Our specialism in this sector across Capita in particular is really about providing the modernisation of what might be called back-office or administrative capabilities that are not core to the delivery of warfighting. In the Royal Navy contract, we are working very closely in



partnership with the Royal Navy to modernise training, to bring the latest artificial intelligence and digital capabilities to bear, to help the Second Sea Lord train more effectively and efficiently to get more sailors into their platforms and to the ships as fast as possible, removing what the Royal Navy refer to as "jetty bulge", where they have insufficient people serving at sea. Similarly, with the Army recruiting contract, we provide pipeline management services, recruiting services, marketing services and so on, and as Alex has explained, we provide non-core capabilities to support the warfighting capability.

Q52 Stuart Anderson: Thank you for the answer, and thank you, both of you, for your previous service. I want to touch on those services you have explained there, Richard. What interaction do you have with local government or devolved Administrations when providing these MoD services?

Richard Holroyd: Our core interaction, inevitably, is with the Ministry of Defence, and therefore we operate through that procurement system and that partnering approach. My colleagues in the division in which I serve, Capita Public Service, have a large interaction with local government. As you can imagine, we operate as a team and work collectively in order to understand what the needs of our customers are.

We do not directly interface into the local authorities in the area in which we are serving, because that would be the jurisdiction of the customer. In certain cases, that is the head of establishment who is the military person who has authority for that area. However, we of course work closely through the rest of our network to provide answers to questions or to interact as necessary.

Q53 Stuart Anderson: Is it fair to say that your organisation will not have that direct interaction with local or devolved Government?

Richard Holroyd: Not unless we are directly asked to by the customer.

Q54 Chair: To clarify, I take it that in this sense you have not been asked to engage with either Argyll and Bute Council, West Dunbartonshire Council or the Scottish Government?

Richard Holroyd: No, we have not to my knowledge.

Alex Clark: To clarify, on direct local authority engagement from a fire and rescue service point of view, we have engaged with the Scottish Fire and Rescue Service on the areas you discussed there, Chair. On all the other fire stations across the country, we engage with local authorities, because we rely on them to respond where we have fire and rescue services on site. Equally, we provide support to local authorities, supporting them in the delivery of their services as well.

Q55 Chair: It would be remiss of me not to push you again, Alex, on the two local authorities that I mentioned. You mentioned the Scottish Fire and Rescue Service and local authorities in other areas. Have you engaged with Argyll and Bute Council and West Dunbartonshire Council?



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Alex Clark: No, not with the councils or local authority fire and rescue, but with the Scottish Fire and Rescue Service.

Chair: Okay, thank you. I will move to Mark Francois.

Q56 **Mr Francois:** Thank you very much, Chair. To echo my colleague's remarks, I thank both of you for your service. My questions are aimed at your company and not at you.

Mr Holroyd, the Public Accounts Committee described your performance on the Army recruitment contract as "abysmal" and said that there was "an unacceptable level of service delivery". That affects the defence of the realm. What is Capita's response?

Richard Holroyd: I cannot comment directly about the period on which the report was written. The new Capita management team, led by Jon Lewis, has worked very closely in partnership with the Army to ensure that we meet the service requirements. Over the last three years, we have hit the targets, and I am delighted to report that we will hit the regular officer and regular soldier recruiting targets again this year, the end of the recruiting year being 31 March 2023. The outgoing Chief of the Defence Staff described the relationship with Capita and the partnership as an exemplar of operating together to deliver an outstanding service.

Q57 **Mr Francois:** What a load of old flannel. You say that you cannot comment on the first seven years of a 10-year contract, but of course you do not want to, do you, because it was abysmal? Basically, the requirement was that you had to recruit approximately 10,000 private soldiers a year to keep the Army up to its man strength of 82,500. In essence, that was the task. Do you agree?

Richard Holroyd: I believe it was, yes.

Q58 **Mr Francois:** Well, it was. How many did you actually enlist in the early years of the contract? I will give you four years as examples. In 2013-14, you actually enlisted—recruited—6,184 private soldiers. In '14-15, you enlisted 7,285. In '15-16, you enlisted 7,494. And in '16-17, you enlisted 6,921. In every one of those years, you were about 3,000 short—in '13-14, you were nearly 4,000 short—and as you will know, having served, that gap, that missing cohort, carries on through the years. Therefore, you were thousands short year after year, weren't you? Please do not say that you cannot comment because you are new, because that is an insult to the Committee's intelligence. You are here to represent the company: why did the company so badly fail to hit those targets for seven years out of a 10-year contract, and what is "exemplary" about that?

Richard Holroyd: As you are quoting from, I think, the National Audit Office report, the figures are therefore absolutely correct, as you report them. I can only comment on the performance of the current management team. The entire management team has changed since the period of that report. The performance of the contract is now meeting the Army's requirements; indeed, we had an extension of the contract for two years, to complete in 2024.



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Q59 **Mr Francois:** I personally think that is an absolute mistake. To cut costs you also took a lot of experienced senior NCOs out of Army recruiting centres and replaced them with much cheaper civilians, didn't you? And that is one of the reasons you did so poorly. History shows that, when a young person who is thinking of joining the armed forces goes into a recruiting centre and sees someone who has done active service, who may be sitting there with a chestful of medals, or may not, and who tells them about military life, it is often quite attractive in terms of recruiting them. If you put in a bunch of civilians who don't know anything about that, funnily enough your performance declines, doesn't it?

Richard Holroyd: Again referring to current performance, we have 400 serving soldiers who are in the recruiting offices and working in partnership with us now.

Q60 **Mr Francois:** Yes, because you put them back in. Sorry—actually you didn't put them back in; General Ty Urch did.

Richard Holroyd: I understand that it was in partnership with Capita. It was a decision that we all agreed—

Q61 **Mr Francois:** No, it wasn't. Look, I know Ty Urch. He has now left the Army. He and I have discussed this. He turned this around. He realised that you were failing, and he said, "I'm going to do whatever I need to do to fix it," and he fixed it. It was despite you, not because of you. I remember talking to a senior NCO a few years ago. This was his quote: "Do you think Capita actually work for the Russians, sir? Because they have done more to destroy the British Army in the last few years than the Soviets ever did during the cold war." What is your response to that?

Richard Holroyd: I am sure that absolutely was his perspective. In my experience, our senior NCOs speak from the heart.

Q62 **Mr Francois:** So did this guy. It seems to me, given your performance, that you should be given the Order of Lenin.

Richard Holroyd: That may be your opinion.

Q63 **Mr Francois:** Look, the Army has gone from 82,500 book strength. The liability, as they say, was 82,500. We have struggled to maintain much above 75,000 trained. It went down to 72,500. Now 500 have been added back, to 73,000, so it is going to be almost 10,000 smaller than it was a few years ago. Everybody knows that part of the reason is that the Army could not man 82,500. I would argue that your disastrous performance seriously degraded the ability of the British Army to defend this nation.

Richard Holroyd: That is your opinion and I understand it.

Q64 **Mr Francois:** I'm not the only one to hold it, I can tell you.

Richard Holroyd: Again, over the last three years, working very closely and in partnership with General Sir Ty, we have operated in a way that delivers the target. We are on target to continue to deliver the target this



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year. We are being given as we speak the target for next year, and we fully expect to deliver that target successfully too.

Q65 **Mr Francois:** Okay, I'm going to have one more go at this because, in the words of Mandy Rice-Davies, they would say that, wouldn't they? In a 10-year contract, you only hit the targets in the contract in the last three years of the contract. Meanwhile, there are tens of thousands of soldiers, effectively, who did not get recruited to the British Army. That, in manpower terms, is why it is so weak, so I think the PAC was right. You have performed as a company—not you personally, sir—abysmally. Do you feel no remorse at all for your abysmal performance?

Richard Holroyd: Again, I am going to have to reflect the fact that the current management team have delivered the target. They have worked very closely in partnership, and will continue to work very closely in partnership, with the Army to maintain our performance, and to deliver the outcomes that they need.

Mr Francois: All right, so we are never going to agree on this. We will contact the Russian embassy on your behalf about the award.

Q66 **Chair:** Before I move on to my colleague Sarah Atherton, I may push you slightly, Richard, on the questions that my colleague has just asked you. This is Capita's corporate responsibility over a period of a contract, no matter who is sitting around the table to direct it.

Richard Holroyd: I understand that.

Q67 **Chair:** You mentioned—the record will need to be corrected if I am wrong—an issue in terms of the original service requirements. Is Capita saying that the difficulties were not theirs? Were the MoD setting the wrong and unrealistic service requirements on Capita, which it was unable to fulfil?

Richard Holroyd: I do not believe that to be the case. The National Audit Office report captures the situation very accurately. The solution was working in much closer partnership. As Mr Francois indicated, working under the leadership and with the support of General Sir Ty Urch, we worked very closely to deliver the correct outcome.

In terms of what went on and the details of the operation priority, I am not avoiding the question; I was not part of that management team—

Chair: You just do not know the answer.

Richard Holroyd: I do not know the answer.

Mr Francois: For the record, I was quoting from a report called "Filling the Ranks", which I wrote in July 2017 for the then Prime Minister, Theresa May. I correctly sourced all those figures. Also, for the record, I recommended that you should be sacked. Thank you, Chair.

Chair: Thank you, gentlemen. Sarah?

Q68 **Sarah Atherton:** Good afternoon. Richard, may I further explore



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Capita's recruitment outcomes, specifically the missed targets for female recruitment? You will know that the Government have set an ambitious target for female recruitment of 30% by 2030. What conversations have you had with the MoD or Ministers about that target, and how is Capita going to meet it?

Richard Holroyd: I cannot comment on direct conversations with Ministers because I have not had any. I work in very close partnership with General Sir Ty's successor, Lieutenant General Ian Cave. We meet monthly, and sometimes more often, with a view to delivering not just the number of recruits required, but what we refer to as the "shape"—in other words, making up the right proportions in both British ethnic minority and ethnicity more widely, and females and specific trades and skills.

I can report that both the Army and Capita take this matter incredibly seriously. At this stage, we are on track to meet the target set for us by the Army for female recruiting. We also recognise and absolutely buy into the Army's desire to hit that 30%. Indeed, in a meeting in November, we discussed that specific target. We are working hand in glove to work out how we can effectively deliver that—it will be from improving the marketing and the explanation.

You may have seen the recent recruiting campaign, for which the strapline was "A soldier is a soldier"—it is not about gender; it is about delivering an outcome, and all soldiers are the same. That campaign has had a specific reaction and a good pick-up. I am delighted to find that, compared with my period of service, there are female armoured crews—tank crews—and females operating on the frontline in infantry battalions, which absolutely was not the case in my day. I can see lots of steps forward. There is still a journey to go on, and we are completely committed to that journey.

Q69 **Sarah Atherton:** A high proportion of females drop out during the first few weeks of training. How are you encompassing the "Be Military Fit" programme?

Richard Holroyd: As you know, we are sponsoring and supporting "Be Military Fit" to help people prepare to meet the fitness elements. It is a little broader than that: when moving into training, it is a change of environment, and there is an element of being away from home for the first time in a more disciplined environment, which has an effect. We are meeting next week, in partnership with the Army, to look at that specific period of the first five weeks in training to see what we can do to smooth the process so that the people we are recruiting and getting into training stay with it through the process.

There is a phenomenal amount of work going on in that space to work out how to reduce the drop-out rate and encourage people to stay. That is through a programme of mentoring and a programme of explanation prior to arrival in training. We mentor people through the recruiting process to ensure that they feel "loved". We need to make sure that continues into the first weeks of training.

Q70 **Sarah Atherton:** Within your contract with the MoD, what sanctions do



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they have if you do not meet these targets, like you have not met the previous targets of 15%?

Richard Holroyd: We are subject to a series of service credits. Failure to meet the target leads to a financial penalty. On the period in the previous questions, we were subject to those financial penalties throughout. We continue to be subject to them. They are not just about hitting the overall number but about hitting those quotas of females, ethnic minority recruiting and the specific requirements in terms of specialisms. If we do not recruit enough petrol, oil and lubricant specialists, we will take a credit, which is a financial penalty.

Q71 **Sarah Atherton:** To date, have you been financially penalised for not meeting those targets?

Richard Holroyd: In this financial year?

Sarah Atherton: In the previous, say, five financial years.

Richard Holroyd: Yes. We had a service credit last year because we achieved the overall number but not the precise shape that was required in order to deliver. In the periods before the last three years, there were significant financial penalties.

Q72 **Mr Francois:** How much?

Richard Holroyd: I am afraid I don't have that figure to hand.

Q73 **Mr Francois:** Will you write to the Committee and tell us what penalties you were fined, in effect—in layman's English—for each year of the RPP contract, with a total?

Richard Holroyd: Yes, I will do that.

Mr Francois: Thank you.

Sarah Atherton: Thank you, Chair.

Q74 **Chair:** Thank you, Sarah. Forgive me, Richard, but I will just push you slightly on your response to my colleague about all being the same. If it were not for the previous Sub-Committee's report into women in the armed forces, women joining the armed forces would still be getting the wrong armour and uniforms and would have no access to sanitary products as essential kit, which is critical on the frontline. Would it have helped your recruitment of women into the armed forces if the MoD had already been supplying the appropriate armour and uniforms and had been quite clear that women would get access to sanitary products, including on the frontline? Let us be based: gender does make a difference. We are not all the same.

Richard Holroyd: I completely agree, and if I implied otherwise, that was not my intention. It is definitely the case that the perception of women in the armed forces, and the perception of service conditions in the armed forces, has a direct impact on the number of applications that we receive to join the armed forces. There is a direct correlation. My military



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colleagues, who we work with very closely, are very well aware of that direct correlation, and we are working in conjunction, in joint working groups, to work out how we can identify those points. There are action owners from the Army and from where it applies in Capita in order to solve those problems.

Chair: I would say that the previous Sub-Committee's report is testament to that.

Q75 **Richard Drax:** Good afternoon, gentleman. What changes to the fire and rescue service have you made since taking it over?

Alex Clark: Quite a number of changes, actually. Since being awarded the contract in August 2019, the first transition we made was related to the training establishment. We took on responsibility for delivering centralised training at RAF Manston. We then migrated that centralised training up to the Fire Service College in Gloucestershire in October 2020. That is a Capita-owned establishment. It is a centre of excellence for fire and rescue training and it has been used widely by the local authority fire and rescue services in the UK and across the world.

We also took on responsibility for looking after and replacing the vehicles and equipment that they use within the service. We are replacing the fleet with 128 brand new vehicles. Of those, 116 have been delivered, with 69 already in operational use. There has been a significant improvement in a very short period of time. Bear in mind that was replacing vehicles that were upwards of 20 years old, so really needed replacing and improvement. That improvement brought in new ways of fighting fires in a safer way, such as in the aviation industry, where historically, firefighters would deploy on to the ground and be very much on the ground, firefighting. The technology within these aviation vehicles enables that fire to be fought in its initial stages from within the vehicle, from the safety of the cab using joysticks, with the technology you would expect of modern fire and rescue services. We have introduced that, and that is happening today on the defence estate.

We have also replaced the personal protective equipment of all the firefighters. They now all have two sets of brand-new PPE, making them safer. We have rolled out a lot of breathing apparatus training units, which are training rigs that enable firefighters to do their training while at work, negating the requirement for them to go to central establishments or spend more time in the workplace, allowing them to stay at home and not have to travel as much, while maintaining their competence. We now have upwards of 20 of those units distributed across the country to enable that to happen.

In the fire risk assessment world, we had to address a backlog of fire risk assessments that existed. We did that in the first year and we are continuing the delivery of fire risk assessments across the defence estate. Sorry for that being quite a long answer, but quite a lot has happened in the short period of time that we have been delivering the services in the Ministry of Defence.



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Q76 **Richard Drax:** Mr Clark, did you have targets to meet for the improvements you just mentioned? Have you met them?

Alex Clark: Yes. So like—

Richard Drax: Sorry. You have new kit, and new clothing and new machines. That all sounds wonderful. Have you met the targets that were set as all the new kit and equipment are concerned? Or have you just got some and more is to come? Where are you?

Alex Clark: In relation to the targets for introducing the kit, there was not a performance regime per se to introduce it in a specific time. We had a project plan that we developed and agreed with Defence Fire and Rescue on what we were going to deliver. That was all set out, but covid came along and had a significant impact on the initial timeline.

Q77 **Richard Drax:** Do all your commitments have all the right kit, or not, because of problems caused by covid and the pandemic?

Alex Clark: In terms of PPE, all the PPE has now been delivered to all the sites. The PPE to be deployed overseas is at Brize Norton for delivery overseas. That was all done—later than we originally anticipated because of covid, but is now all out there. There was a slight slippage on vehicle deliveries, for a couple of reasons: one being covid and the supply of parts, and also manufacturers having difficulties accessing some parts for other supply chain reasons.

Q78 **Richard Drax:** Sorry, some of the firefighting equipment that you said you can operate from inside to keep the firefighters safer, which sounds to me like very important equipment, operating in the sort of areas that you are, do you not have all that yet?

Alex Clark: As I said, we have received 116 new vehicles of the 128 that we are bringing in. The ones that are still to come are in the pipeline and are being manufactured for delivery very soon.

Q79 **Chair:** Can you tell us who is building them?

Alex Clark: We have two suppliers. We have Terberg DTS, which supplies the large—

Q80 **Chair:** And where are they based?

Alex Clark: My goodness, you are testing me.

Chair: The name sounds slightly Germanic.

Alex Clark: They are based in England. I think it is Halifax. And we have Angloco, another UK-based company. The large vehicles—the Oshkosh Strikers—are manufactured over in the States, and Terberg is the supplier for that. Angloco vehicles are built here in the UK.

Q81 **Richard Drax:** What about staffing levels—the number of firefighters? There is another question coming but I will just touch on it. At the HM Naval Base at Clyde there has been an argument that you cut the



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number of firefighters. Have you lowered your numbers, or what?

Alex Clark: At Clyde specifically, we have reduced the crewing levels on a daily basis by one firefighter on each base. Previously there were six firefighters; there are now five firefighters responding on base, and that was in line with our solution.

On other bases across the country, we undertake an integrated risk management planning process. What that does is identify the risks on an estate, on a base, and we come up with proposals to that head of establishment for how to improve safety on that base. That includes prevention activity, protection activity and, ultimately, response activity—that is, how we respond effectively in order to manage that risk. It is that process that drives the crewing model and response model that we talk about.

Richard Holroyd: To be clear, the customer—in this case, the head of establishment of the Royal Navy base in Clyde—will explain the level of service that is required, not in terms of bodies or equipment but in terms of scenarios and outcomes. Consequently, Alex's team then provide a solution using modernised equipment and modernised techniques to meet that outcome. The decision as to whether to accept the recommendation from Alex's team is, again, made by the head of establishment and the defence fire authority. We provide options for their selection of course of action.

Q82 **Richard Drax:** How many firefighters are there now in all the areas that you have a contract to operate in? More than there were before, for example? Do you know?

Alex Clark: We have 524 firefighters on fire stations just now. There were three phases to the numbers of firefighters we have had. In April 2020, we had 472 people on fire station level. Since then, we have taken on responsibility for the sites at High Wycombe, Valley, Scampton and Cranwell, so that increased that number by 113 people, and then we have taken on Porton Down in September of this year, which was another 23.

Some people have left the organisation through voluntary exit. As a result of the process I was describing to you just now, we identify a new response model that requires a number of people to deliver that response model, and colleagues who wanted to exit the service as we move towards the new way of delivering it put their hands up for voluntary exit. They have duly left the service, leaving an effective, safe response model on each of the stations that can deliver fire and rescue services.

Q83 **Richard Drax:** Is retention good?

Alex Clark: Yes, retention is good.

Richard Holroyd: We recently advertised, I think, 10 new posts for people to train and join the service, and we had 300 applicants for that. The retention numbers are very high, and our recent engagement survey has shown the firefighters' engagement and commitment to the service they provide. From their perspective, what has changed is that they are



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wearing a different uniform with a different set of employers, but the outcome is still delivered to the customer on the base.

Q84 **Richard Drax:** Lastly, roughly, who are your recruits? Where do they come from? What are their backgrounds?

Alex Clark: The recruits we have taken on just now have been open recruitment, people from the street—a postman, for example, was one. An ex-soldier was another, and there was a guy who worked in a shop, so it was open recruitment.

Richard Drax: A wide range. Okay.

Alex Clark: Giving employment opportunities for young people and people—

Richard Holroyd: A national recruitment campaign.

Q85 **Chair:** Thank you. Richard, can I maybe go back again? I think you mentioned voluntary redundancy.

Richard Holroyd: Voluntary exit, yes.

Chair: It is the first time I have ever heard that term. How many of those offered voluntary exit took it?

Alex Clark: To date, 38 people have left under voluntary exit already.

Q86 **Chair:** Out of how many opportunities? How many voluntary exits was Capita looking for?

Alex Clark: We put out the voluntary exit process, and we received, I think, in excess of 150 people applying for a voluntary exit, of which 30 have gone thus far from the fire station environment and 10 have gone from the headquarters environment.

Q87 **Chair:** And do you expect more people to be given the opportunity to exit?

Alex Clark: As more of these RMPs happen, the opportunity is to anticipate that maybe another 20 people of the people who have expressed an interest could be offered that. I am estimating.

Q88 **Chair:** Would that be 20 firefighters, or backroom staff?

Alex Clark: That would be 20 firefighters.

Q89 **Chair:** There is a bit of a quandary there, about getting new people in, but quite a few folk seem to want to exit voluntarily, as you said. Something must be changing for such a percentage to want to exit voluntarily.

Alex Clark: I think there are a number of factors that come into this decision-making process: for individuals themselves, being offered the chance to go and pursue something different; or just where they are in life



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and what choices they want to make. That's why they are putting themselves forward for this voluntary exit.

To answer the question about people wanting to exit at the same time that we are bringing new people in, we have a service—it is spread across the UK, as you know—and where a change happens might be in a place that is more remote from the other locations, so it is not attractive for people to relocate to another station instead of leaving or exiting the service. So we are dealing with that.

We have a really good example of how we try to create opportunities for people who want to keep working for Capita Fire and Rescue to keep working for Capita Fire and Rescue. We have a number of people who are redeploying; about 20 colleagues are redeploying to other locations. We have six who have redeployed to a station in Shawbury. We have 10 people who are currently stationed at Kineton who are taking up opportunities in six different locations across the country. So we are trying to accommodate redeployment opportunities for colleagues.

Q90 **Chair:** Finally, before we move on to Tobias, in terms of future staffing levels at HM Naval Base Clyde, you said it would go from six to five, which was based on a solution that had been written; I imagine that is then a risk assessment. Again, I have never heard a risk assessment called a "solution", but let's go with the flow here. When was that solution/risk assessment written?

Alex Clark: The risk assessment is written in the integrated risk management planning process. So that all went through—goodness, when did that happen? It might have been early 2020. Our team of subject matter experts go on to the base, engage with the Clyde seniors and the firefighters on the base, and find out what the risks are. And they then look to see how we can effectively manage those risks through prevention, protection and an effective response model.

That then goes through the approval process that Richard was talking about. The base seniors themselves identify what are called the worst credible scenarios and they are realistic credible scenarios in which we talk about what could happen on the base. Then, to use that phrase again, we "solutionise" how we can effectively develop a response model for that, and that's what goes through approval.

Q91 **Chair:** Before I bring in Mark Francois and Sarah Atherton in, in relation to HM Naval Base Clyde, would you say that that solution/risk assessment was done in, say, early 2020? I'm getting a nod from Richard.

Alex Clark: The initial work was done in early 2020, and then the whole discussion and debate and refinement of that risk assessment happens over the month following—

Q92 **Chair:** Within 2020, or—

Alex Clark: Yes. Within 2020, we did the—



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Chair: So it was completed within 2020.

Alex Clark: Yes. And we did the proof-of-concept exercises in—I think it was in November 2020.

Chair: Thank you; we will come back to that in another question. Mark.

Q93 **Mr Francois:** You talked about this phrase “voluntary exit”, which I think in layman’s English means people who, for whatever reason, do not want to work for you any more. What you have found with a lot of organisations is that during the pandemic people have tended to stay where they are; because of the circumstances, they have not wanted to risk leaving jobs. So that kind of throws that figure into stark relief. Why is it—as we are emerging from a pandemic, albeit that we now have a new variant, and while there is still a degree of uncertainty out there—that so many people want to leave your organisation, whereas in many other organisations they do not?

Alex Clark: I think that people making the choice to change employment is a personal thing. A lot of these people were at the stage in life where they could access pensions and make other choices as to what they wanted to do. I don’t necessarily see it as a reflection of not wanting to work for Capita or Capita Fire and Rescue or to deliver a fire and rescue service in defence. I think there were a multitude of factors that people were taking into account.

Q94 **Mr Francois:** I’m sorry, but I am kind of with the Chair here. Perhaps it is a matter of semantics, Mr Clark. You could argue that compulsory redundancy is an involuntary exit where an employer says, “I’m sorry, but there is no longer a job for you.” To your credit, you have not done much of that. Voluntary exit means that someone is deciding themselves to leave. I am trying to press you on why so many people are voluntarily leaving and voting with their feet from Capita Fire and Rescue. Are you saying that they are all basically trying to take early retirement? Is that your argument?

Alex Clark: No, I am not saying that for a second.

Q95 **Mr Francois:** That is sort of what you were implying a minute ago.

Alex Clark: No. I think that was undoubtedly a factor for some people. I cannot really comment on other people’s motivation for choosing to exit.

Q96 **Mr Francois:** The reason I mention this is because, in any organisation, retention rate is a good indicator of morale. If you have a high retention rate, it implies that people are happy where they are, and then you can have external factors, such as the pandemic. If you have an organisation where, in proportional terms, quite a lot of people are trying to leave, that implies that all is not well, does it not?

Richard Holroyd: It might. One of the factors to take into account here is the average length of service. The average length of service of the fire and rescue service that we took on was in excess of, I think, 20 years. We will confirm that figure. As Alex is, I think, highlighting, there is a natural



churn point. For some people, when there is a point of change, it is a time to take stock and consider whether to take the opportunity to change.

Q97 **Mr Francois:** I get that, but that implies that those people don't like the change. I am following your argument.

Richard Holroyd: That's true. I think that we would all agree—and I would certainly suggest—that change is something that a lot of people don't like. The other factor we can point to is our level of engagement in those firefighters, which remains very high.

There was a recent incident at RAF Boulmer, where there was a fire on site. The station commander commended the Capita Fire and Rescue service for their speedy response and the quality of their response. We have had two firefighters in the last month who have received our officer commanding's commendation for their commitment and service. These firefighters, who we are very proud to have as part of our organisation, continue to deliver to the very highest standard. Morale, across the piece, is generally very high.

We absolutely respect that in certain parts of our establishment there are changes that are very difficult for the organisation to accept. We consider it part of our responsibility to help people through that change process. This is about modernising a fire service and bringing to bear £50 million-worth of investment in new equipment and processes in order to bring the service up to date, which is what the Ministry of Defence asked us to do as part of the contract.

Q98 **Sarah Atherton:** Alex, I visited HM Naval Base Clyde last week, and I am informed that firefighting staff numbers have reduced by 15%. Is that correct? You are saying that it has reduced by one per team, but is it 15% overall?

Alex Clark: Well, I am not going to do the maths. What actually happened is that four people left on voluntary exit terms as a result of the introduction of our new operating model. Prior to the changes we made, there was what we would call an establishment. There should have been 56 people on HMNB Clyde, but they were four short. Four people have subsequently left. The crewing level—the 15% that people are talking about—is reflective of the number of people per watch. It refers to the number of people per watch that resources the minimum response model, which was six people. We now have a minimum response model of five people, so the actual firefighters on the ground each day at each site have reduced from a minimum of six to a minimum of five. That is the change actually made in terms of the response model.

Q99 **Sarah Atherton:** Where are you sitting at the moment around industrial action?

Alex Clark: On industrial action, we have had lots of conversations with Unite reps in order to try to resolve the dispute. Unfortunately, we have not been able to resolve the dispute. We have done a lot in order to try to resolve the dispute.



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The dispute was covering two main strands. One was safety related. The concern was that there was an impact on firefighter safety as a result of the changes that we have made. We do not believe that that is the case at all. There is an effective response model in there, and that is what we have had a lot of conversations on.

The second strand was the lack of meaningful consultation. That focused on the involvement of Unite in the integrated risk management planning process, which I spoke about earlier. We have made a lot of progress on that. Previously, the IRMP process did not involve Unite; it was something that Unite got involved in at the end of the process. If you imagine that process as a 10-step process of activity, through the dispute and through discussions with Unite and Defence Fire and Rescue, we now have Unite involved at every stage in that 10-step process, which is a significant improvement in terms of the consultation, so that part has been addressed.

Q100 **Chair:** I'm sorry to interrupt, but when you say Unite do you mean the local Unite reps or the national Unite reps? I need you to be very clear on who you mean by Unite. Is it the national level or the local union representatives?

Alex Clark: These IRMPs are happening across all the stations that we have. The people affected at the local level—so the local Unite reps—will be involved following these agreements in the IRMP process as they are coming up and being reviewed. That is a bit of progress that has been made as a result of the dispute, which again is acknowledged by Unite—at the local level as well.

In terms of the safety-related elements, there is a lot to consider there. We have an effective first strike response. That is what we do. On HMNB Clyde in particular, there are a number of additional elements that we considered. There is the role of the Royal Navy. The Royal Navy on board the vessels will be that first strike fire and rescue provision. That is what they do. The system is that, if anything were to happen, the Royal Navy respond to the incident, and they have a tried and tested method of response.

Our Capita Fire and Rescue colleagues respond to the vessel to provide assistance and support to the Royal Navy firefighting effort, and the Scottish Fire and Rescue Service, as the local authority fire and rescue service in that area, mobilise with what is called a predetermined attendance in order to support any escalating incident, if it were to occur. There is quite a phased response.

What we have done, again, was part of our IRMP process. It was identified that something needed to be done, and that was to improve the joint working between Capita Fire and Rescue, the Royal Navy and the Scottish Fire and Rescue Service. Where we have made progress on that is that we have now had joint sessions between the three agencies. We have had exercises where Capita Fire and Rescue have worked alongside the Royal Navy, and Scottish Fire and Rescue have observed.



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We are now having visits for the Scottish Fire and Rescue Service into the base to improve their awareness and understanding of the risks associated within the base. We are really bringing together joint working and collaboration in a much more effective way. That is a way of enhancing firefighter safety.

Q101 **Sarah Atherton:** You said earlier—it might have been Richard; I don't know—that the customer identifies the outcomes that they require, and you put a plan in place to meet those outcomes. Have they changed what they require from you, and has that resulted in you reducing the number of firefighters that you have?

Alex Clark: In term of on the base—Clyde in particular?

Sarah Atherton: Yes.

Alex Clark: The representatives of the head of establishment have defined what the worst credible scenarios are, and that is what they are. My understanding is that they have not changed. They have been the worst credible scenarios that could realistically happen on the base. That is where a lot of the tension comes here—people's understanding or interpretation of what is likely to happen.

You could think of scenarios where, God forbid, something was to happen and something was to impact on this building, for example. That would be a worst credible scenario. The likelihood of it happening is very, very low, so when we talk about managing the response to a worst credible scenario, the credibility of the scenario occurring is what gets taken into account. But, importantly, we do not determine the credibility of that scenario; that is done by the people who own the risk—the head of establishment.

Richard Holroyd: The short answer is that we do not believe the credible scenario changed. The credible scenario remained the same. We brought a new way of thinking and a modernisation approach, and worked with both the customer, which in this case is the head of establishment—a royal naval captain—and the defence fire authority, because they still remain the authority. So there is a defence chief fire officer, who is also engaged in this process, and we provide a response, which is then examined by the royal naval captain, who is the head of base safety, the defence fire authority, and Capita Fire and Rescue.

Q102 **Sarah Atherton:** I have one last question. Can you confirm that this credible scenario took into account the fact that Faslane has expanded massively over the past few years? Also, it takes up 80% of the defence estate's high-rise flammable cladding. Was that incorporated within this credible scenario?

Alex Clark: The worst credible scenario, again, gets down to what it is we are there to respond to. We are there to protect what is called defence-critical national infrastructure: the key assets that need protecting. When we are looking at protection on the Clyde in particular, we are looking at protecting the operation and maintaining the Navy's ability to maintain the



deterrent. The accommodation blocks and other peripheral buildings on the base are all taken into consideration, but that is not the purpose of the on-site fire and rescue service.

We do recognise the accommodation blocks that are there at Faslane and the construction methods that are inherent within them—so much so that we do daily closedowns of these blocks. Every day, our firefighters go around and walk the corridors to ensure that the fire safety measures are in place and are being adhered to. That happens on a daily basis.

We are aware of what is there, we are aware of the situation with regard to cladding, and we respond to managing that risk in that prevent and protect manner that we are talking about. But, of course, we are there to respond to the accommodation blocks should a fire occur, and on the odd occasion that it has happened, we have made a timely response and a timely intervention that has prevented it from escalating.

Q103 Mr Ellwood: I think that the issue I was going to cover has been dealt with in a bit of depth, but maybe you can expand on a conceptual basis. The challenge that you have between profits versus safety was explored a little bit with fire safety and so forth. How do you go about ensuring that you address the challenges that you face there?

Alex Clark: For me as a professional fire officer, safety is paramount. I would not put my name to something that I did not believe was safe when it comes to an operational response model. Looking at how we effect a response at the base to a fire onboard a vessel in that partnership way with the Royal Navy and Scottish Fire and Rescue Service or how we respond to an incident at Coulport, it is about whether we have a safe system of work and whether we have the people trained, equipped and capable to deliver that output. That is how I look through—

Q104 Mr Ellwood: Sorry to interrupt, but looking back over five years at what the capabilities were and at what you have today, it is markedly different. To the untrained eye, it would look like a bit of cost saving has taken place, with new contracts and so forth.

Alex Clark: I can understand how people could look at it that way. However, we have to think of the fire and rescue service on the base as part of an integrated safety system. We do not work in isolation to make sure the operation is safe; we work in partnership with other Clyde response agencies and with the Royal Navy to ensure that the whole operation is done in as safe a way as possible.

For example, the fire and rescue service do not just respond to fires at Coulport; they are part of the safety system that supports the operations. They do a lot of work in terms of ensuring that the whole system works in as safe a manner as possible.

Richard Holroyd: It is important to note that we are a commercial organisation, and we are incentivised to deliver on the contract. In this instance, the contract was to modernise the fire service. If we were to propose an integrated risk management that we felt—or the customer



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felt—was not safe, then it would not be in our interests to implement it in order to save money. In fact, that would just be a contract alteration with the authority, because if we maintained more firefighters, we would get more revenue related to the firefighters.

There is some misunderstanding about where elements like gain share come in. If we deliver the contract as signed up to, then we deliver as we are contracted to do so. Should we find additional efficiencies through the way that we are operating, we are contracted to share those with Defence. There has been a small number of efficiencies identified thus far, and we have shared these with the authority in a gain-share methodology, during which the authority decides whether it wishes to take that efficiency.

As Alex underlined, it would not be in anybody's interest to underwrite an unsafe method of operation for commercial gain—we simply would not do that.

Q105 **Mr Ellwood:** How does the MoD challenge you, and say, "Actually we do not believe we are getting the value for money we need. We would like greater bang for our buck"?

Alex Clark: We have monthly scrutiny and weekly engagement with DFR as the representatives of the MoD—that happens on a very frequent basis. In addition to that, through the IMP approval process—when we are putting forward suggestions and proposals—there is a high level of challenge from the head of establishment, other stakeholders and Defence Fire and Rescue on our proposals. It is certainly not an easy path that we follow.

Q106 **John Spellar:** Going back to the RAF, we understand that on one of your sites you have RAF crew and Capita personnel working alongside one another. How does that work out?

Richard Holroyd: Alex is the best judge of that.

Alex Clark: Yes. That happens up at Lossiemouth. These are clearly two different ways of working, historically. We moved to deliver that change in October last year; there has been a significant bedding-in period, supported from the centre.

The biggest challenge we have relates to how the RAF use their people; they have to deploy their people to operations in other parts of the world, which means the headcount in Lossiemouth, to enable activity and business as usual, varies significantly on a month-by-month basis. That can result in other colleagues working more overtime hours than they would care to in order to maintain the capability.

My reading of the situation, through dialogue with the staff there, is that it is improving. It has been a cultural lesson for everyone. We have to accept, where there are differences, that those differences have to exist because some are military firefighters, and some are not. There will be differences. We will recognise where the differences need to exist and work with them. However, where there are opportunities for



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harmonisation and doing things in the same way, let us embrace those opportunities and start working more collectively as a team.

Striking that balance has been a challenge, but my understanding is that we are getting there. There are still some challenges to overcome, but I believe firmly that the whole-force concept that we have introduced there could be a model for similar things to happen in other parts of the country.

Richard Holroyd: Just to add, it is worth noting that all Royal Air Force firefighting training now takes place at the Fire Service College, which is a Capita facility. Therefore, further integration, and greater working, will come over time. The Capita instructors train Trade Group 7 alongside Royal Air Force instructors in that facility. There is an inevitable cultural rub, but I think that the whole-force concept is the right direction of travel.

We have recently transferred the defence fire and rescue contract under Air Command—previously, until 31 October, it was under Army Command. The air marshal engaged with us and asked us to accelerate the sponsored reserves programme as part of that increased whole-force way of working.

Q107 **John Spellar:** I understand that. Do you they work as parallel crews, or do you have integrated crews?

Alex Clark: They are integrated crews.

Q108 **John Spellar:** How does the chain of command operate?

Alex Clark: In a fire scenario, we have our watch manager or the officer in charge of the day. That could be either a civilian—

John Spellar: That could be military or civilian.

Alex Clark: Military or civilian, and they work as a team. It works fairly seamlessly. The biggest challenge is with reporting lines—appraisals for people and what not—and that is the challenge we are overcoming now.

Q109 **John Spellar:** I think you alluded to one of the underlying problems, which is that the RAF needs fire crews to be able to operate on forward operating bases. It needs to rotate them and it needs to have positions back here for them to undertake, because if they are to keep stable households, they will not be able to operate abroad permanently. Does that not create a problem as well?

Alex Clark: No, because the actual military capability of RAF firefighters continues to be the same in numbers. How that impacts at the local level is when a group of firefighters is taken away from Lossiemouth, which reduces the standing capacity of the firefighters who are left, so more have to step up and do additional shifts. But it is not impacting on the ability to maintain the deployed element of the RAF's commitment.

Q110 **John Spellar:** Looking at it from the point of view of the staff concerned, presumably they will be operating under different terms and conditions—

Alex Clark: Yes.



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John Spellar: Does that create a tension?

Alex Clark: I think it can, particularly when, for example, civilian firefighters can do overtime; military firefighters cannot do overtime. That—

John Spellar: Civilians can go on strike.

Alex Clark: Civilians can go on strike, absolutely, and that can create a tension. But that is one of those things where we have to recognise that there is a difference. They are not employed by Capita Fire and Rescue, and they were not employed as civil servants previously; they were employed by the RAF, and the terms and conditions that they work to are the terms and conditions they were employed to work. Similarly, our firefighters work to the terms and conditions that they transferred to Capita with, or to the Capita Fire and Rescue terms and conditions for those who have taken up promotion opportunities and who transferred on to those terms and conditions. There are differences in the terms and conditions, but we work within that whole sphere.

Q111 **Chair:** It will be no surprise that we are returning to HMS Naval Base Clyde. Will you advise the Sub-Committee, will the nuclear warhead uplift and the increased number of personnel in Faslane—as alluded to earlier— increase demands on Capita’s fire and rescue services?

Alex Clark: It has not increased demand on our fire and rescue services at all. The increase in the number of nuclear warheads that we talked about formed part of the information-gathering phase of the IRMP. When we go to look at the base and the risks associated, we also speak to seniors about future developments and what is likely to be coming down the line, so that increase in warheads and so on is not news to us. It is there, and it was known at the time that the IRMP process was done, when the risk assessment was ultimately signed off.

Richard Holroyd: As Alex says, it is an integrated response. All Royal Navy sailors who are deployed to sea are trained firefighters. One of the worst credible scenarios is the outbreak of a fire on a nuclear submarine carrying a warhead. The watch of 18 who will be on board a nuclear submarine are trained firefighters, because as you will appreciate, at sea they will also have to put that fire out, so the initial response will come from the crew. The addition of warheads is well understood by the Royal Navy base safety organisation, which was absolutely integral to not only designing and specifying the worst credible scenario, but considering the integrated response plan that we put forward and approving it.

Q112 **Chair:** For clarity, given that the integrated review was published in March, in terms of the increase from 180 warheads to 260, you are being very clear that, in your discussions with MoD, your solution and risk assessment already took that on board.

Alex Clark: We were aware of the planned developments on the base for such an increase. It was a factor in the integrated risk management plan.



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Q113 **Chair:** Based on your indication, Richard, of the naval personnel on board, and then the fire crew who may be called on to assist, in terms of your local partnerships, if you were not able to maintain, deal with or extinguish that fire, who would you call on next to assist you in bringing that fire under control? In your risk assessment, who is next to call to give a hand to bring that under control?

Alex Clark: We have to think about how that emergency response would happen. In the scenario we are talking about of a fire on board a vessel, the ship's crew, the sailors, will have initiated their response. That is ramped up to ship crews from alongside coming to help; the Navy has a significant response to any developing incident on board one. Capita Fire and Rescue will be alongside very quickly—within two to three minutes. We have a very good group of firefighters there. They will be there, but they will not undertake firefighting activity until such time as the Royal Navy has gone through its response.

Simultaneously, the Scottish Fire and Rescue Service will have been called at the start. They will be on route from the local area with a minimum predetermined attendance of four fire appliances. They will already be on route. Historical data for average Scottish Fire and Rescue Service attendance times to the area—there are not a lot of responses actually to the base itself—over a 10-year period is around 11 or 12 minutes for the first appliance, and you could have four there within about 20 minutes.

Q114 **Chair:** Would they be coming from Helensburgh, for example?

Alex Clark: Helensburgh would be an example—its local retained duty system. However, because of the way the Scottish Fire and Rescue Service mobilising system works, they will mobilise four appliances, and four appliances will attend.

Q115 **Chair:** Would any of those fire personnel be retained firefighters?

Alex Clark: They could be.

Q116 **Chair:** Would you have sufficient confidence that a retained firefighter has the same ability as a regular civilian firefighter to deal with that scenario? Given the location in Argyll and Bute, a retained fire service is most likely to be there first.

Alex Clark: I have every confidence in a retained, competent firefighter turning up and being able to do the role of a competent firefighter.

Chair: I am the neighbouring Member of Parliament. I am sure you appreciate that the worst-case scenario—whatever one's consideration of the nuclear deterrent—is unthinkable, and it is not only about us. It is about everybody not only in Scotland but in the north of England and across the sea to Northern Ireland. The consequences need to be talked about and understood. That is part of this debate and discussion today.

Q117 **Mr Ellwood:** Unite was mentioned earlier. Can you talk a little bit about your relationship with the unions and what role they have? It was also mentioned—John is no longer with us—about the fact that the ability to



strike puts a different dimension on the workforce that you now have to deal with.

Richard Holroyd: If I can pick up on that broader Capita point, as you would expect, relations with our employees are incredibly important to us and a key part of our value set, with collaboration and respect for our employees top of the list. We work very closely with the unions across the piece. Not only is that part of our social value commitment but it is important to us. On this particular issue, one thing we are actually quite grateful for is that the reaction of the local Unite team was to highlight that we had perhaps not engaged with them sufficiently. That was something we recognised as soon as the team raised it, and we have therefore corrected it, as Alex described. We have taken that lesson into all the other parts of the public service division and beyond, across Capita, to reflect the fact that we have to stay on our game and make sure we are engaging.

Alex Clark: Within Capita Fire and Rescue, we have established a good working relationship with Unite. We have regular monthly meetings where we openly discuss things that have happened in Capita and specifically in Capita Fire and Rescue, with regard to some of the modernisation activities we are embarking on.

We also work towards making sure that staff concerns are considered. I gave an example of that earlier, about redeployment opportunities and protecting posts for people who may be displaced as a result of either a headcount reduction on a station or an increase in headcount on another station. Can we move firefighter A from this location to that location because they want to keep working? We work with the union hand in glove to try to keep positions open for people wherever we can, so that they can continue to work within Capita Fire and Rescue. That has been successful, to date.

Q118 **Richard Drax:** What benefits do you provide to your workers, and how do they compare with those provided to direct employees by the MoD?

Alex Clark: In Capita, specifically within Fire and Rescue, all the people who transferred across in April 2020 transferred with their protected terms and conditions, so they are still on the Defence Fire and Rescue terms and conditions.

Q119 **Richard Drax:** So they are the same as those provided by the MoD?

Alex Clark: Yes, the people who transferred across are continuing on them. We have established a set of Capita Fire and Rescue terms and conditions, which, in my view, are comparable. The big difference is that there are three days' less annual leave. Within DFR, you get 30 days' annual leave, while in Capita, in general, you get 27. So there is a difference.

However, in terms of financial remuneration, for anybody who wants to take up a promoted post with Capita Fire and Rescue—moving from a firefighter to a crew manager, or from a crew manager to a watch



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manager—and take on the additional responsibility and progress through the organisation, there is a positive differential in pay. Contrary to what we were told about what our terms and conditions offered to staff who transferred in, I am pleased to say that we have run a number of promotion opportunities lately, and we have had applicants for every position. We have had a competitive field for filling the promoted post and transferring on to Capita Fire and Rescue terms and conditions from the workforce who transferred across. That is good, from my point of view, in terms of providing development opportunities for people and establishing a newer model with the right people in the right places.

Q120 **Richard Drax:** Those who have come across from the MoD have three days' more holiday than your staff. What do you staff think of that?

Alex Clark: The Capita standard holiday is 27 days' holiday. That is what is within the Capita terms and conditions—

Richard Drax: I understand that. I asked what they think. Three days is quite a lot: it is half a week—more, if you have a five-day week, which is what the holiday is based on. That is quite a lot of days that they don't get.

Alex Clark: I agree, it is three days less. However, it is important to note that when people make the choice to progress and move across to the Capita Fire and Rescue terms and conditions, they make that choice in full sight of what the impact might be—and they still make that choice.

Richard Holroyd: And they get a financial uplift.

Alex Clark: They get paid more.

Richard Holroyd: You are financially better off on the Capita Fire and Rescue terms and conditions than on the existing MoD ones. The difference is—

Q121 **Richard Drax:** What is the difference in terms of pay, roughly? For those on a basic pay rate, what is the difference between an MoD and a Capita employee?

Richard Holroyd: We may not have that to hand. If Alex cannot find it straightaway, we might have to check.

Alex Clark: For a firefighter moving to a crew manager position, the differential in pay will be upwards of £2,000. A crew manager going on to be a watch manager: £2,500 upwards of that on promotion.

Q122 **Chair:** Is that less or more than their MoD counterpart?

Alex Clark: I do not have the comparative table here. I could easily send it on to you.

Q123 **Chair:** If you could advise the Committee, that would be appreciated.

Alex Clark: No problem at all.



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Q124 **Richard Drax:** I think that would be helpful. How do your staff respond when doing the same job as directly employed counterparts, but with different pay or conditions?

Alex Clark: I do not see any difference whatsoever in terms of how people respond to doing their job on a daily basis.

Richard Holroyd: We have just run an engagement survey. We asked every employee to fill out a survey on how they found working, not just in the Capita Fire and Rescue service, but right across the defence, fire and security sector. We had a 75% response rate from the Capita Fire and Rescue people, and it was not an issue that was raised by any of the employees—the differential, the pay or the change in terms and conditions. It would appear in terms of getting an engagement response back that it is not an issue that concerns them particularly.

Q125 **Richard Drax:** And pensions—how does that compare?

Alex Clark: People who transferred to Capita Fire and Rescue maintained their civil service pension scheme, so it has not impacted on their pension at all. Even when they transfer to the CFR terms and conditions, the pension scheme is protected in the civil service pension scheme. Any new start would join a Capita pension scheme.

Q126 **Richard Drax:** What age do they work to? Is it 68 or whatever it is now?

Alex Clark: 65. It depends, again, on what pension scheme you are on, so it will either be 60 or 65, as well as what grade you are in the service.

Q127 **Chair:** Just to take Richard's point slightly further, on the survey that you mentioned, how was it designed? Did it allow people to say, "Yes, I am quite happy that some folks are getting paid more than me because they have an MoD contract."?

Alex Clark: It was not as specific as that.

Richard Holroyd: It has a series of standard questions.

Q128 **Chair:** So it is not really about asking them if they feel okay getting paid slightly less than somebody for doing the same job.

Richard Holroyd: It has a set of standard questions with a space for the opportunity to make any comments on any element of working with Capita. There was not a specific—

Q129 **Chair:** Forgive me, Richard. Was there then a question about remuneration?

Richard Holroyd: No, there is a question in there about working for Capita—how people feel about working for Capita and the opportunity to raise any issues they have with working for Capita.

Q130 **Sarah Atherton:** On the survey again, did you ask a question about how employees feel they are treated by their military counterparts?



Richard Holroyd: We do not ask that specific question. As you can imagine, in designing this survey it is trying to be broad enough to capture all types of workforce across the Capita Public sService division, and we provide a huge range of services. In terms of our relationship with defence, we have a specific set of KPIs around collaboration, and part of those KPIs on collaboration is about how people are performing and how we perform in terms of providing that service into Defence. As you would imagine, I spend a great deal of time visiting our organisations and, of course, we speak to our Royal Air Force, Army or Royal Navy colleagues all the time. One of the things I can tell you is that there is absolutely no perception of anything other than a great relationship.

Q131 **Sarah Atherton:** You have not asked your contracted workers directly, "This is what you are surmising through your KPIs".

Richard Holroyd: We did not ask them directly in that survey. Do we ask on a regular conversational basis? Absolutely.

Q132 **Sarah Atherton:** Why do you think the unions feel that contracted workers feel like second-class citizens?

Richard Holroyd: I watched the previous session. I was very interested in that point, particularly as both an ex-serviceman and now as somebody who is on the other side of the fence. I am sure there are some people who feel that. What I can reflect in the areas that I look after is that the sense of business purpose across the three areas is palpable in terms of that commitment.

In all three contracts that I look after, it is a totally integrated service. There are 500 soldiers who are integrated into the recruiting operation, working alongside their Capita colleagues on a daily basis. Mr Spellar highlighted where we are on Lossiemouth, which is a step forward in the whole force concept. In the Royal Navy training contract, it is again totally integrated with Royal Navy and Capita employees working literally side by side as colleagues, sharing all the same facilities and the delivery of lessons and training. So, from my perspective, spending a great deal of time with both my armed forces colleagues and my Capita colleagues, I do not discern any of the element referred to in that previous hearing.

Alex Clark: From a Capita Fire and Rescue point of view, again, I support what Richard is saying. I certainly do not see our firefighters treated as second-class citizens at all, and I do not see our firefighters feeling as if they are being treated as second-class citizens. To give you an example, a couple of months ago I was up in Faslane sitting around the table with some firefighters. We were talking about things that were going on, as you would expect, but I was really impressed with the passion of the firefighters around the table. To quote one of them, it was like, "We want to do the best we possibly can for the Commodore." So they absolutely see that linkage with Defence and delivering a great service for the Commodore in terms of protecting the base. So that break had not happened.



Similarly, on the other stations, just last week one of our colleagues at Middle Wallop flying station was awarded a station commander's coin in the RAF honours. One of our station managers was presented with a commendation and an award in that. So I see that the relationship is still very strong there with Defence. In Northern Cyprus, our CFR officers support charitable initiatives that happen over there and get involved in Commander British Forces activities regularly. I do not see a disconnection between Defence and them.

Richard Holroyd: When the current Chief of the Defence Staff was First Sea Lord and we started the new Royal Navy training contract, he gathered all the team together remotely and told them that they were one team in order to deliver. What is fantastic for us is that that is coming right from the very top of Defence. He remarked that this was the exemplar of contracts to go forward, working in that method of teamship.

Q133 **Sarah Atherton:** It would be nice to see that come bottom-up as well. Thanks for that.

Richard Holroyd: It absolutely would.

Q134 **Chair:** I am going to try to bring the last two questions together and bring us to a conclusion on the contribution that your company makes to the link between military establishments and communities while providing services to the MoD across these islands. Does the MoD set out expectations around job quality and engagement with the community to you as a company providing a service on its behalf?

Richard Holroyd: During the procurement process, we are asked to specify our social value commitments in each of those contracts, and we do that. In terms of our commitments more widely to the veteran community and the local community, through the Selborne Royal Navy training contract we have sponsored the Sea Cadets. The Sea Cadets asked us specifically to sponsor an operation in Birmingham, which we did. We work with the ex-forces and veterans networks to do the same.

In terms of local government and local authorities, we work through the heads of establishment—the heads of the bases; the military people commanding those bases—and we support through their efforts, but we as Capita do not go directly to local government through the Defence contracts.

Q135 **Chair:** Of course, there would be those who argue that outsourcing diminishes not just the social value, but the local economic value, because as we have already heard in answer to my other colleagues, there is a difference, as you mentioned—in pay, for example, and also the terms and conditions, such as less annual leave. There is clearly a direct economic consequence of outsourcing locally, and you could understand why some people do not see it as the best-case scenario for delivering a public service in such an important role.

Alex Clark: I would say that the people we are talking about moving on to Capita terms and conditions are receiving a higher level of pay than



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they were on previously, so there is absolutely something there. However, the recruit course that we referred to earlier was the first true off-the-street recruit course that has been run within a Defence Fire and Rescue environment for many years. They have been reliant on tapping into trained firefighters from local areas, so generally older, experienced people. We have provided opportunities for employment for young people—18-year-old people—and when it comes to adding social value in the area we are talking about in particular, in Clyde, there will be opportunities for employment for young people within the fire and rescue service as the promotions start flowing through. There are benefits to the local community and the local economy as a result of that social value element.

Q136 **Chair:** But you would agree that that is still—I think you alluded to it—on diminished terms and conditions from those who went before them, who had MoD contracts. I mean, there is no clear way out of saying that the MoD would outsource to lower the cost of delivery of that service.

Richard Holroyd: The intention of the terms and conditions was not to diminish them. The intention was to provide a difference, and if I may, to go from 30 days' annual leave to 27 days' annual leave but with a financial uplift.

Q137 **Chair:** A financial uplift on a yearly basis?

Richard Holroyd: Yes. As we described, if you move from Ministry of Defence terms and conditions and you take on promotion to Capita Fire and Rescue, the number of days' leave reduces from 30 to 27, but there is an incremental uplift in pay that is above that of the MoD equivalent. The intention is not to diminish; rather, it is to give greater flexibility to the firefighter. That is why I reflected that in doing so, we have not had—it is interesting to note that the Unite issue that we have is not around the terms and conditions of service.

Q138 **Chair:** I totally understand where you are coming from, gentlemen. That is not the only point that the Committee wants to discuss. Finally, in terms of those hours, for example, or days of annual leave and pay, if you accrue service over a number of years in a usual job—you said 27 days for annual leave, I think—if you have a longer service, I take it that your annual leave requirement then goes up.

Alex Clark: No, anybody who is going to go on to Capita Fire and Rescue terms and conditions in terms of continuous service will already be at the top level for that, so 27 is the top level.

Q139 **Chair:** What is the entry level?

Alex Clark: The entry level, I think, is 25, but again I can confirm that to you.

Q140 **Chair:** And what would be the entry level with the old MoD contract?

Alex Clark: I do not know that.

Q141 **Chair:** I take it that the 30 days is at the top end.



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Alex Clark: That is the top end, yes.

Chair: If my colleagues have no further questions, gentlemen, I am very grateful for your being here today and participating in the second session of the second Sub-Committee on contracted services. I wish you both a very safe journey home, especially if you get into Storm Barra, and thank you once again for taking the time to be with us today.