3 July 2019

SFO INVESTIGATION OF SERCO AND G4S GOVERNMENT CONTRACTS

Dear Meg,

I write to advise you that the Serious Fraud Office (SFO) has completed the investigations into Serco, and continues to investigate the conduct of G4S under the historical ‘tagging’ contracts with the Ministry of Justice (MoJ). Whilst no conclusion has been reached in relation to G4S at this stage, the SFO and Serco will announce today that a Deferred Prosecution Agreement (DPA) has been agreed between them (subject to approval by the court on Thursday 4 July 2019).

The DPA, once entered into, suspends the prosecution of a Serco subsidiary company for criminal offences of fraud and false accounting for a 3-year period, as long as the company meets certain conditions.

The draft Statement of Facts that Cabinet Office has received from the SFO, which will form part of the DPA, admits certain wrongdoing by a now-dormant subsidiary company of Serco with regard to mis-statement of contract profits. The company will pay a fine of £19.2 million and the SFO’s costs, and be subject to some further monitoring actions. The DPA does not cover potential future prosecutions of individuals previously employed by Serco.

The financial impact of mis-statement was covered by the settlement entered into with the MoJ in 2013.

The Cabinet Office has received assurances from Serco that proper and comprehensive action was taken by them in respect of these matters as part of Corporate Renewal, and that Serco is operating in accordance with appropriate standards in respect of the conduct of current contracts.

While the DPA does not lead to a conviction of the company, contracting authorities have to consider whether the admitted behaviour is sufficiently serious to justify grounds for exclusion from procurements under the Public Contracts Regulations 2015 (PCR2015), and other public procurement regulations.

Considering early results of contract audit work, feedback from the SFO and representations from Serco, the Cabinet Office is content that the remedial actions taken in 2013-14 were sufficient with regard to this incidence of wrongdoing, and that any further action, including discretionary exclusion, is not currently appropriate for current MoJ projects such as the Prison Operator Framework. The framework provides the MoJ with grounds (under regulation 57 of the PCR2015) to exclude bidders from future competitions.

ROBERT BUCKLAND QC MP