Deaths and outsourcing: lessons from the Serco cases

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1 DEATHS AND SERCO SUBSIDIARIES ........................................................................................................... 2
   Table 1. Deaths of workers and members of the public in contracts operated by Serco in UK, 2006-2014 ........ 2
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1 Deaths and Serco subsidiaries

This paper updates and expands a section of an earlier PSIRU report on liberalisation and public safety published in 2014. The table below shows a series of deaths of workers and members of the public which have occurred in various sectors where the service operators have been criticised and/or fined by regulators, inquests, and official safety agencies, or have agreed to compensate families of the deceased, for failings in relation to the deaths. All the companies in the table are subsidiaries of Serco Group, a UK outsourcing company which operates worldwide in a wide range of sectors and services: in addition to the services covered in the table – railways, ferries, security guards, roads maintenance, health care, social care, and prisons - it also has concessions and contracts to run airports, general administrative tasks, laboratories, military data gathering, waste management, and other activities.  

Serco was fined a total of over £1million for breach of health and safety duties in the first 3 cases.

<table>
<thead>
<tr>
<th>Date</th>
<th>Sector</th>
<th>Sanctions and enquiries</th>
<th>Public agency</th>
<th>Other reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Road</td>
<td>M5 motorway, Bristol. Maintenance worker killed by fall</td>
<td>£400,000 fine and costs: “Serco did not plan, manage and monitor the work properly”</td>
<td>HSE Case 42170500 fatality</td>
</tr>
<tr>
<td>2007</td>
<td>Rail</td>
<td>Docklands light railway, London. Passenger on line killed by train</td>
<td>£450,000 fine: “found guilty of breaching its heath and safety duties”</td>
<td>ORR ORR COIN Case 4146863</td>
</tr>
<tr>
<td>2011</td>
<td>Ferry</td>
<td>Woolwich free ferry, London. Worker killed while mooring</td>
<td>“The unmooring operation was a routine task but it had not been captured by the company's safety management system” “Serco was found guilty of failing to ensure the health and safety of its crew at Inner London Court ...and was told it must pay the fine and court costs of £220,000.”</td>
<td>MAIB MAIB Very Serious Marine Casualty Report No 22/2012 August 2012</td>
</tr>
<tr>
<td>2011</td>
<td>Health care</td>
<td>Cornwall: boy dies during ‘after hours’ medical services contract</td>
<td>“short of staff, provided inadequate training, left patients facing long waits and manipulated its results”</td>
<td>CQC Review of Compliance July 2012</td>
</tr>
</tbody>
</table>
Deaths have also occurred on contracts in other countries where official inquests, enquiries or court cases have found Serco responsible for breaches of regulations, laws or duties, for example in relation to the suicides of three asylum seekers in detention centres in Australia in 2010, for which Serco was ‘fined $15 million for failing in its duty of care to asylum seekers and underperformance’.  

Apart from deaths, Serco has been found liable for other physical harm. For example, in addition to the deaths listed in the table above, Serco and other contractors have paid compensation in 14 cases where children in detention centres were forcibly restrained.
2 Recurring themes

These deaths show the wide range of ways in which public safety can be affected by contractors’ failings. There are some clear recurring themes in the inquests and official reports into these deaths.

- Firstly, inadequate procedures. Serco was criticised for not planning and managing its motorway maintenance work properly; for not including the basic routine of unmooring a ferry in its safety management system; for not having an adequate procedure for stopping trains in an emergency; for not having systems to record falls by patients in care homes; and for lack of effective systems for communicating medical emergencies in detention centres. This failing applies across sectors, and over time, despite statements after each case that Serco would put in place procedures to ensure that such deaths would not happen again.

- Secondly, lack of training. Serco was criticised for inadequate training of staff on its after-hours medical care contract; for inadequate training of its security and healthcare staff within detention centres; for failing to make its construction workers aware of risks.

- Thirdly, lack of communication between the private company and government agencies and other contractors. This was identified as a specific problem in relation to detention centre deaths in the UK and Australia, the death of the passenger on the DLR, and the death of the construction worker.

- Fourthly, deliberate misrepresentation of actual performance in Serco reports to monitoring systems. On the out-of-hours medical services contract, Serco was criticised by the NAO for ‘manipulating its results’ by lying: “Serco staff fiddled the figures on an astonishing 252 occasions between January and June 2012.” For the death of a man in custody in 2015 Serco admitted that it trained its operators to invent times of checks on prisoners and names of staff, and that the records were ‘a work of fiction’. Serco has also been found deliberately misrepresenting the number of prisoners tagged under a contract. Serco has also been fined for deliberately misrepresenting its performance on a contract with central government for electronic tagging of prisoners. These recurring themes in the agency reports and inquests show a repeated and consistent pattern of additional, systematic risks of outsourcing public service work. Private contractors have a permanent incentive to reduce indirect overhead costs such as training, safety procedures and communications protocols, as a way of increasing profit margins. They also have incentives to misrepresent their performance to avoid penalties or bad publicity, especially where the risks of detection are far lower than the gains from detection. These incentives lead repeatedly to behaviour which official reports consider contributed to the deaths.

Two points should be added. Firstly, public sector bodies may often be under pressure to cut costs, for example due to austerity policies, but they are not intrinsic incentives in the way that they are for private contractors. Secondly, the results do not show that other contractors would be better than Serco - culpable deaths have also occurred under other companies, for example deaths of prisoners and detainees in contracts run by G4S. If this pattern emerges on Serco’s contracts, it is at least as likely to recur with other contractors. The probability of deaths in these services is thus systematically increased by outsourcing.
3 References

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4 Notes

1 I wish to thank Steve Thomas, Richard Whitall and Cat Hobbs for very helpful comments on earlier drafts. None of them are responsible for any errors or defects remaining in this paper.


7 See table for sources


9 Inquest: Inquest jury concludes that failures by the police, SERCO and Forensic Medical Examiner contributed to the death of Sivaraj Tharmalingam http://www.inquest.org.uk/media/pr/inquest-jury-concludes-that-failures-by-the-metropolitan-police-service-a-f

10 Guardian 19 Dec 2013 Offender tagging: Serco to repay more than £68m in overcharging http://www.theguardian.com/business/2013/dec/19/offender-electronic-tagging-serco-repay-68m-overcharging