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G4S blames court and prison services following overcharging allegations

Chris Grayling tells MPs overcharging, worth tens of millions of pounds, included billing for tracking people who had died

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Justice secretary Chris Grayling has called on the Serious Fraud Office to launch a criminal investigation into the G4S overcharging allegations. Photograph: Rex Features

Security firm G4S has hit back at allegations of contract overcharging, accusing court and prison services of failing to pass on vital information to prevent bills on electronic tagging contracts stacking up.

Pointing the finger back at justice secretary Chris Grayling, who has called on the Serious Fraud Office to launch a criminal investigation, G4S told the Guardian: "We have not overcharged the Ministry of Justice, but have always billed in line with the contract."

Grayling told MPs the overcharging, worth tens of millions of pounds, included billing for tracking people who had moved abroad, returned to prison or even died.

But the firm claimed: "We will always stop charging when a curfew order formally ends. However, when no end date is given, as in bail cases, we have no legal authority

to suspend or close a curfew order. We must receive specific instructions from the courts or a prison in these cases."

It is unclear, however, what action G4S took to alert the prison and court services in cases where it knew the offender was in a prison or had left the country – even if a curfew order had not been ended.

Whitehall sources have said allegations should be examined that the justice ministry was being billed for the tagging of 18,000 offenders a day when only 15,000 were actually being monitored – raising the prospect of 3,000 "phantom" offenders, or one in six of all those on tags.

An official referral is yet to be received by the Serious Fraud Office but it is not certain that SFO director David Green will take up the investigation Grayling has called for – or, if he does, whether he will limit it to G4S.

G4S yesterday claimed its hands were tied on how it billed for tagging offenders. It said it had no legal authority to close or suspend a curfew order, something it said could only be done at the behest of a prison or the courts.

Of the most shocking allegation – that G4S had continued to charge for tagging offenders after their death – the security firm said it could find almost no evidence to support such claims, suggesting they had been "taken out of all proportion". The company said it had found one case where the Ministry of Justice had been charged £60 for two days beyond the death of the offender. The sum had been repaid, the company said.

A Ministry of Justice spokesman declined to comment, referring back to Grayling's statement to parliament on Thursday. Despite inheriting one of the worse corporate reputations in the outsourcing industry following the fiasco around its botched provision of security staff to the Olympic games last year, new G4S chief executive Ashley Almanza is determined to show he is uncowed and will not be pushed around by ministers.

The approach is in marked contrast to that of rival Serco, which has acceded to Grayling's demands for an independent forensic investigation of its tagging operations and a review of certain other contracts. About 45% of Serco's work is paid for by the UK taxpayer, compared with between 8% and 10% for G4S.

About £240m has been wiped off the £3.2bn share value of G4S in the last two days as investors have grown increasingly concerned that the firm's relations with the UK government have broken down entirely.