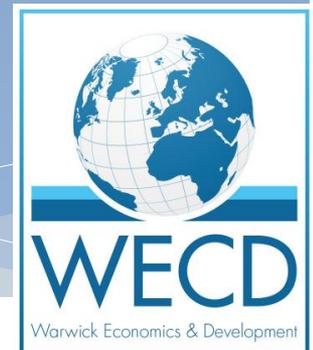




# The Economic Impact of G4S in the United Kingdom 2014/15



# Contents

- Context and Approach
- Direct Impacts
- Indirect Impacts
- Induced Impacts
- Regional Impacts
- Summary of Impacts



# Context

These calculations highlight the economic contribution of G4S to the UK national and regional economies in terms of jobs, output and Gross Value Added (GVA)\* supported.

This covers G4S operations and the knock-on impacts as G4S spends with suppliers and employees spend their incomes.

Estimates are based on 2014/5 data provided by G4S.

*\*Gross Value Added (GVA) measures the value of all goods and services produced in an economy and forms a common performance indicator used by the Government to measure economic performance. It is defined as turnover less the cost of intermediate goods excluding labour costs, and is equivalent to salaries and taxes paid, and profits earned.*

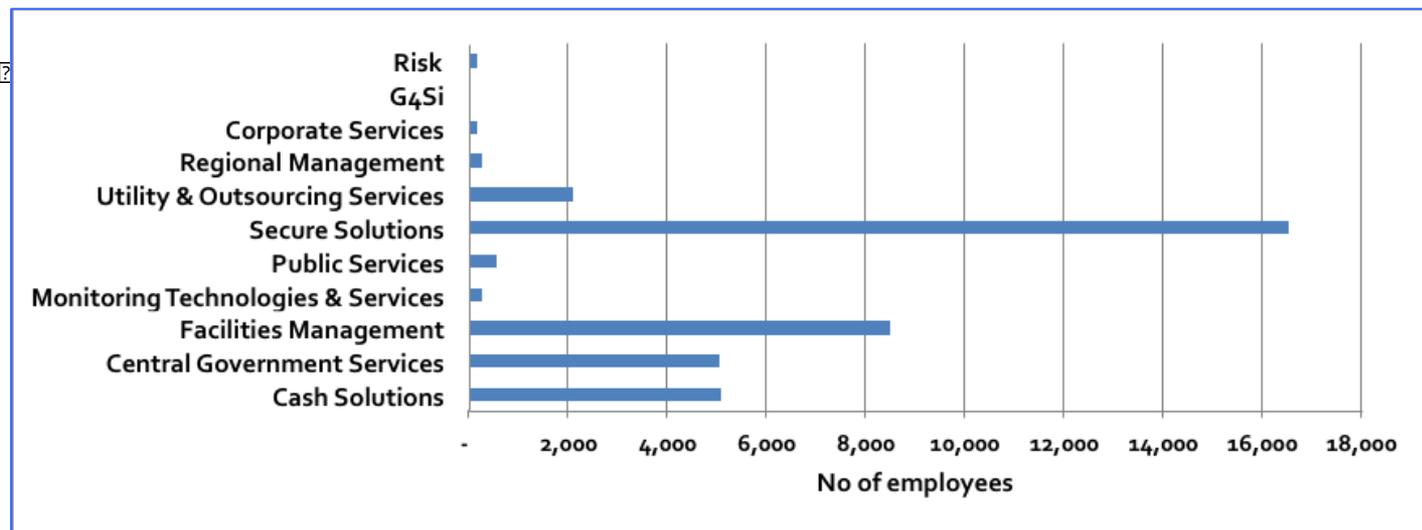
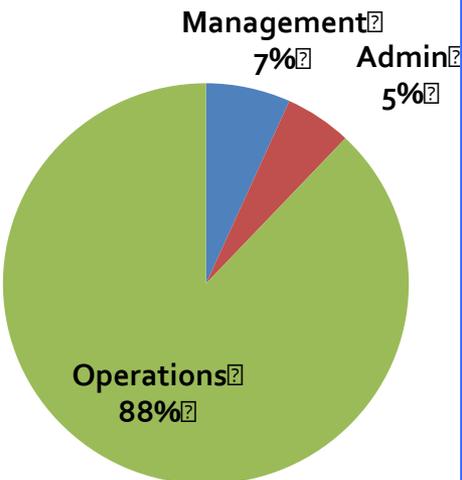
# Economic Approach

The economic impact of G4S's activities on national income and employment can be estimated by bringing together the following effects:

- **Direct impact:** persons employed directly by G4S (including contractor employees) who receive wages and salaries;
- **Indirect impact:** income and employment created in businesses which supply the goods and services used by G4S in its day to day activities; and,
- **Induced impact:** further income and employment generated as wages created directly and indirectly are spent within the economy.

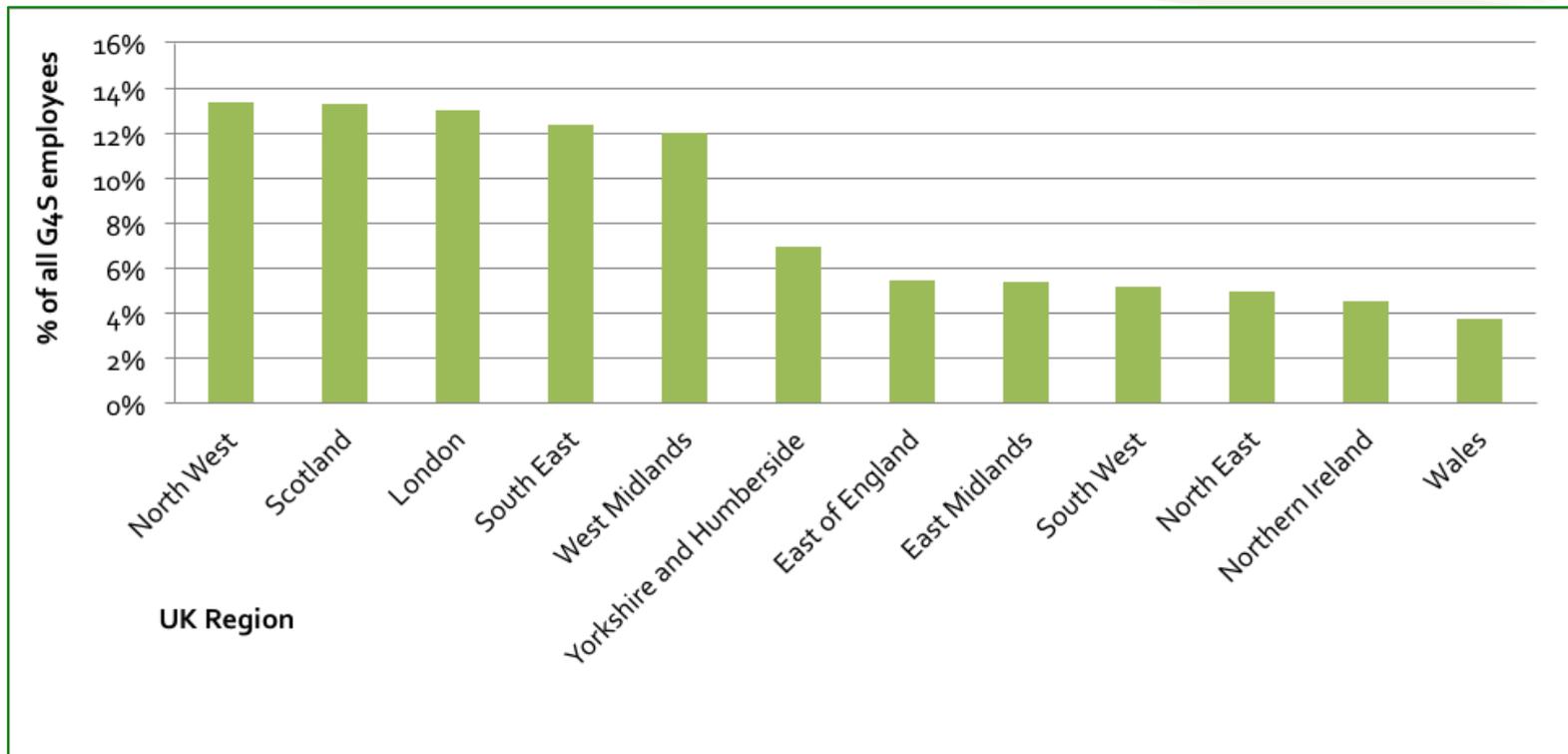
# Direct Impacts - Employment

- G4S directly employed **38,710 people living and working in the UK in 2014.**
- **Of these 79% were FT and 21% PT jobs.**
- **£819 million** paid in wages.
- **88% in Operations (up by 2% since the year before).**
- 43% of employees work in the Secure Solutions business unit, 22% work in Facilities Management, 13% in Cash Solution and 13% in Central Government Services.



# UK-Wide Presence

The North West, Scotland and London regions are each home to 13% of the workforce, with 12% in both the South East and West Midlands.



# Direct Impacts – Output and GVA

In summary employment by G4S created in 2014:  
**£1,501,518,730 direct output** for the UK economy and  
**£1.02 billion of which is GVA**



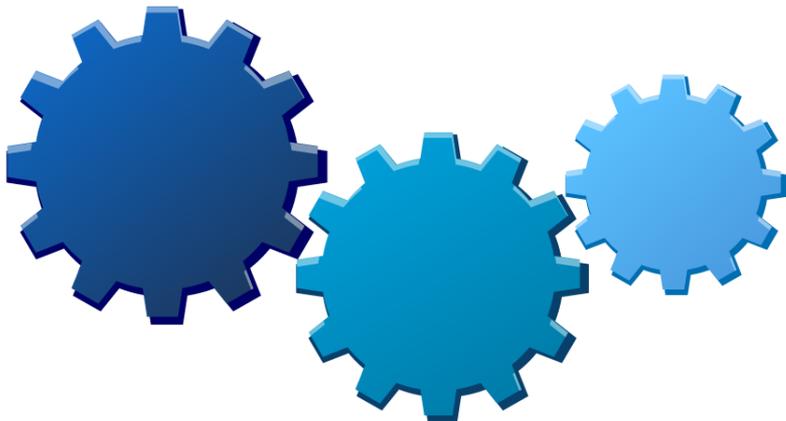
# Impact on Supply Chain (Indirect Impact)

- In total, **£479.8 million** was spent on suppliers in 2014. Of these, **95% was on suppliers based in the UK, with 50% being SMEs.**
- In turn, this supports employment and income in G4S's immediate supplier industries, and their subsequent suppliers:
  - ✓ In total the G4S supply chain is estimated to have generated a total of **£801 million of turnover, support around 8,400 FTE jobs and contribute £358m indirectly to GVA.**
  - ✓ This activity is also estimated to have generate £81m in tax revenue from businesses and employees.

| Indirect Impact (Supply Chain Impact)  | Value        |
|----------------------------------------|--------------|
| Employment supported amongst suppliers | 8,414 FTEs   |
| Output generated amongst suppliers     | £800,988,709 |
| GVA generated                          | £357,567,224 |

# Indirect Supply Chain Impacts – Output and GVA

G4S expenditure on suppliers in 2014 generated:  
**£800,988,709 Output – of which £358 million is GVA**



# Impact of Employee Expenditure (Induced)

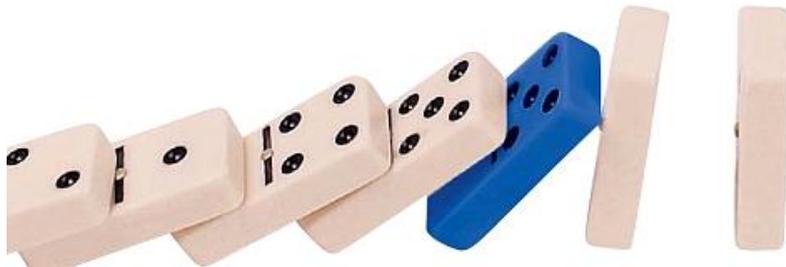
- ✓ G4S employees and those employees in the supply chain have supported further employment and output in consumer industries through their expenditure.
- ✓ It is estimated that in total, this wage expenditure supports a further **10,800 FTE jobs in the UK with associated output of £576 million and contributing £345m to GVA.**

| Induced Impacts                          | Value        |
|------------------------------------------|--------------|
| Employment supported in consumer sectors | 10,770 FTEs  |
| Output generated in consumer sectors     | £575,626,860 |
| GVA generated                            | £344,817,087 |

# Induced Impacts – Output and GVA

It is estimated that expenditure by G4S employees and suppliers in 2014 generated:

**Turnover/output of £575,626,860 - £345 million of which is GVA.**



# Summary of Total G4S Economic Impact in the UK - 2014

|              | FTE Employment | Output<br>£          | GVA<br>£             | Tax Paid<br>£       |
|--------------|----------------|----------------------|----------------------|---------------------|
| Direct       | 34,665         | 1,501,518,730        | 1,021,701,123        | £246,936,566        |
| Indirect     | 8,414          | £800,988,709         | £357,567,224         | £81,335,774         |
| Induced      | 10,770         | £575,626,860         | £344,817,087         | £94,907,373         |
| <b>TOTAL</b> | <b>53,849</b>  | <b>2,878,134,299</b> | <b>1,724,085,434</b> | <b>£423,179,712</b> |

In total, through its activities, employees and suppliers, G4S has contributed **£1,724m (£1.724bn)** to the UK economy and supported **53,800 FTE jobs** in 2014.

In total, the economy activity created by G4S contributed **£423m** in taxes to the Exchequer.

# Economic Impacts by UK Region

G4S supported **more than 7,000 FTE jobs** in three regions – **London, North West and Scotland**, contributing over **£200 million** to each of these regional economies

G4S business activities supported over 2,000 FTE jobs in each of the other regions

|                          | FTE Employment | Output       | GVA          |
|--------------------------|----------------|--------------|--------------|
| West Midlands            | 6,448          | £344,643,572 | £206,451,437 |
| East Midlands            | 2,898          | £154,878,297 | £92,776,566  |
| London                   | 7,006          | £374,475,668 | £224,321,723 |
| East of England          | 2,933          | £156,784,236 | £93,918,278  |
| North East               | 2,651          | £141,702,455 | £84,883,856  |
| North West               | 7,186          | £384,088,232 | £230,079,926 |
| Northern Ireland         | 2,417          | £129,189,548 | £77,388,264  |
| Scotland                 | 7,141          | £381,685,091 | £228,640,375 |
| South East               | 6,651          | £355,499,140 | £212,954,236 |
| South West               | 2,763          | £147,668,874 | £88,457,913  |
| Wales                    | 2,016          | £107,727,012 | £64,531,587  |
| Yorkshire and Humberside | 3,738          | £199,792,174 | £119,681,273 |

# G4S in 2014

## G4S's Supply Chain

**8,414 FTE jobs** supported by G4S's procurement activity with businesses based in the UK  
Resulting in an additional **£358 million** contribution to the UK economy and **£81 million** in tax receipts

## Spending by Employees and Suppliers

An additional **10,770 FTE jobs** were supported in the UK through G4S's staff and supply chain's spending  
This spending also resulted in an additional **£345 million** contribution to the economy and **£95 million** in tax receipts

## G4S Employment

Directly contributed **£1.02 billion** to the UK economy  
Directly employed **38,710 people** – **34,665 FTE equivalent jobs**  
Paid in tax receipts **£245 million**

## In total in 2014:

**53,800 FTE jobs** in the UK were dependent on G4S  
**£1.724 billion** were ADDED to the economy – **£4.72 million** per day contribution  
**£423 million** in tax paid to the Exchequer supported by G4S; equivalent to **£16** for every household in the UK

26.7 million **households in the UK** in 2014  
(ONS, Jan 2015)



Warwick Economics & Development ([www-w-ecd.com](http://www-w-ecd.com)) is a multi-disciplinary consultancy with outstanding expertise in applying economic principles to public policy, growth and development, and corporate issues.

**Key Contact:**

**Georgia Siora**

2 Snow Hill

Birmingham, UK

B4 6GA

T: +44(0) 0121 2343425

E:gsiora@w-ecd.com

**This document was produced in December 2015.**

**All data refer to 2014 financial year.**

**Disclaimer and confidentiality clause**

Information contained herein should not, in whole or part, be published, reproduced or referred to without prior approval by G4S or Warwick Economics & Development (WECD). Any such reproduction should be credited to WECD.

