



# The Economic Impact of G4S in the United Kingdom

A report prepared for G4S  
by Warwick Economics & Development and Nottingham Business School

## Foreword

With a British heritage that reaches back over 70 years, G4S is the leading global security company. We specialise in the provision of security products, services and solutions to customers in over 120 countries worldwide and play a critical role in society. G4S touches the lives of hundreds of thousands of people across the UK and ultimately aims to give our clients and the communities they are part of peace of mind in an uncertain world.



Making this happen is about the knowledge and expertise of our people. It is about our values, about managing risk and operating efficiently and with integrity.

Across the UK, G4S employs around 45,000 people, all of whom are crucial to the success of G4S. They help to provide a diverse range of services in sectors where security and safety risks are considered a strategic threat - from the transportation and processing of a third of all cash in UK circulation to a variety of outsourced services for Lincolnshire Police and from helping to rehabilitate offenders at eight prisons and secure training centres to securing the safety of millions of people at public sporting and music events across the country.

In this report we explain how the activities of G4S contribute to the UK economy, the number of people who rely on G4S for their employment and the amount of tax receipts its activities support. The report also demonstrates some of the wide range of social impacts achieved by G4S through its UK operations and community relationships.

I trust that you will find this report interesting.



## Contents

---

<b>EXECUTIVE SUMMARY</b> .....	1
<b>1. INTRODUCTION</b> .....	3
<b>2. AN OVERVIEW OF G4S</b> .....	6
<b>3. THE ECONOMIC IMPACT OF G4S IN THE UK</b> .....	10
<b>4. WIDER SOCIAL IMPACTS</b> .....	21

## EXECUTIVE SUMMARY

This report presents the contribution G4S makes to the UK economy as a whole and the 12 UK nations and regions. This covers the direct impact of G4S operations and additional knock-on impacts generated through the G4S procurement activities and wages consumption by G4S employees and the employees of its suppliers. The report also demonstrates the extent of the additional economic activity stimulated by G4S in the UK through generation of tax revenue and the G4S contributions to the Exchequer.

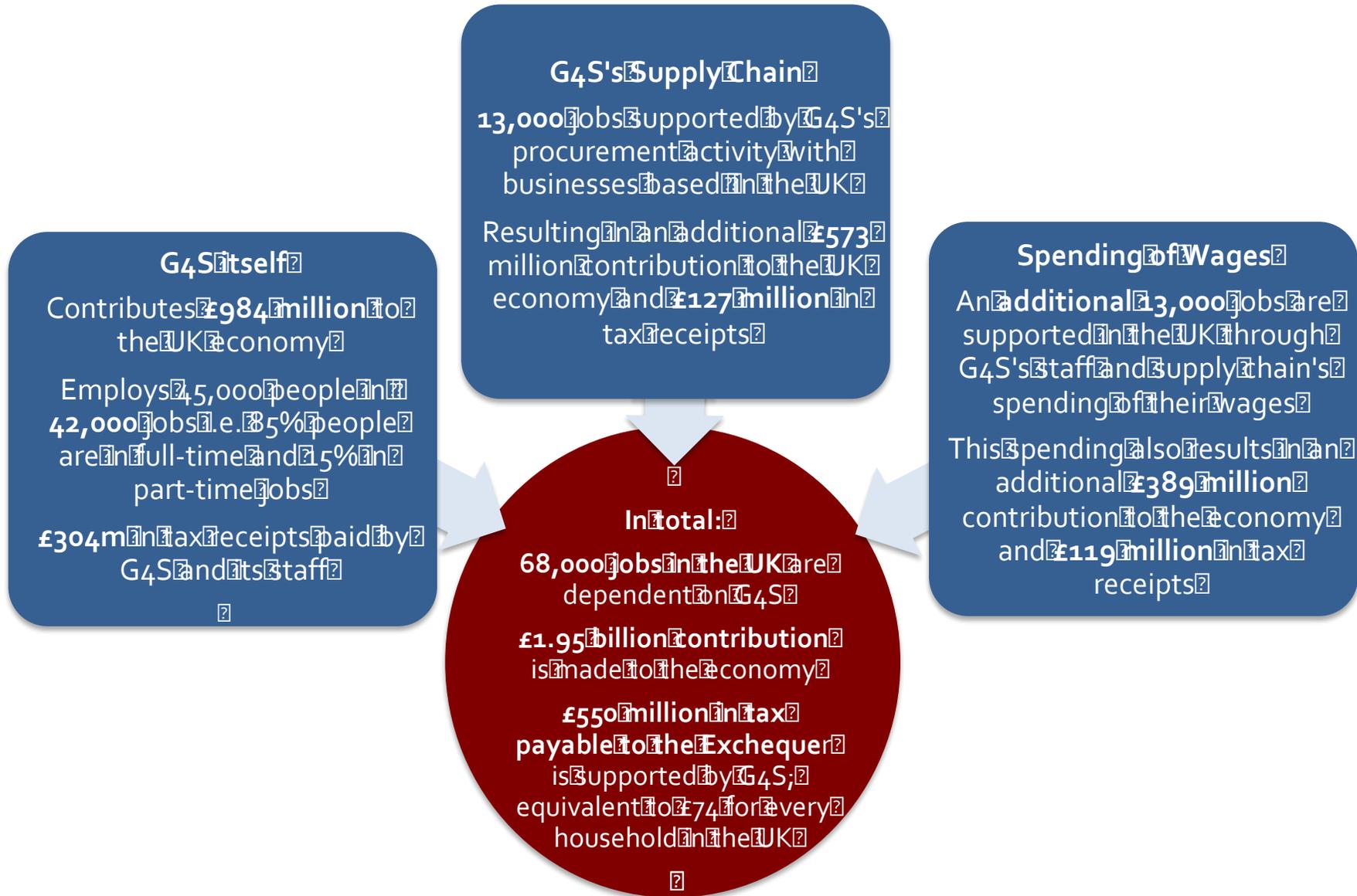
In 2012, G4S:

- Made a **£1.95 billion contribution to the UK economy**.
- Supported **68,000 jobs in the UK**.
- Purchased goods and services worth **£576 million from 7,500 UK businesses, 75% of which were SMEs**. This procurement activity also generated an **additional £573 million for the UK economy** through the supply chain of the G4S suppliers.
- Generated **£550 million in total tax receipts for the Exchequer**.
- Supported **all 12 UK regions and nations, making a contribution of over £100 million in eight out of the twelve economies**.
- The biggest contribution was made to the London economy with £323 million. **Relative to the size of their local economies, G4S made the largest contribution to Northern Irish and Welsh economies**, supporting 2.5% and 1.7% of their economies respectively.

Furthermore, G4S supports the functioning of the UK economy by investing in people and communities most in need.

- G4S works closely with a wide range of small local groups and larger third sector organisations ensuring that the **company leads the way on bringing about greater and more sustainable benefits for local communities and people in need**.
- G4S is committed to **upskilling its workforce to the highest standards** in the industry, including young people on apprenticeships schemes leading to national recognised accreditations and qualifications.
- G4S fully **supports climate change targets** and between 2009 and 2012, the company achieved a 16% reduction in carbon against a target of 13%.
- G4S **manages to successfully integrate human resources and technology in delivery of its services and invests in R&D**, including having 6 technology patents developed in the UK and a team dedicated to developing new hardware and software. The G4S UK fleet utilises satellite tracking to enable real-time monitoring and feedback on driver behaviour, thus reducing traffic accidents and increasing fuel efficiency.





## 1. INTRODUCTION

This study demonstrates the economic contribution of G4S to the UK national and regional economies in terms of jobs and Gross Value Added (GVA), which is a measure of the value of goods and services produced by the UK economy.

The report aims to provide all stakeholders of G4S with a better understanding of the value that G4S generates for the UK. It provides an independent and well-evidenced picture of the wealth created through the G4S direct activities but also its expenditure on health and community care and social infrastructure.

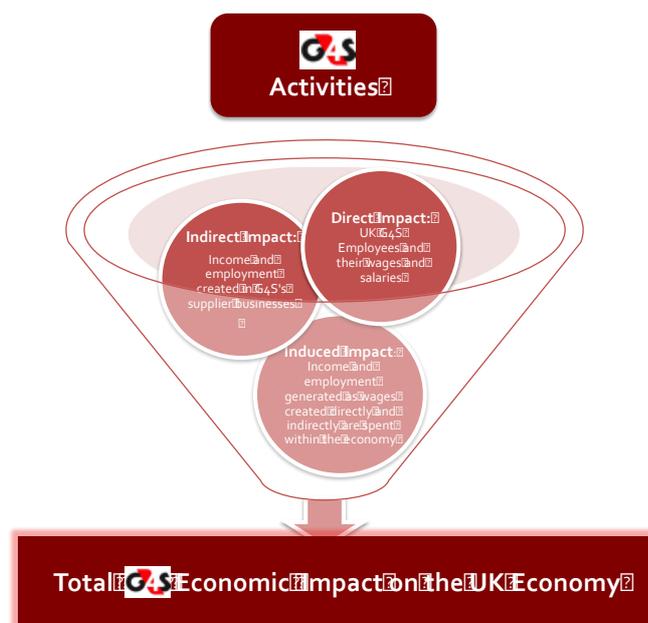
The study covers G4S operations and the additional knock-on impacts generated by G4S activities, as G4S spends on procurement and its employees and employees of its suppliers spend their incomes. Wider social contributions to communities are also demonstrated through G4S's Corporate and Social Responsibility agenda.

### ASSESSING ECONOMIC IMPACT

The economic impact of G4S's activities in the UK is estimated by bringing together the following effects:

- **Direct impact:** persons employed directly by G4S 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.

Figure 1: Economic Impact Generated by G4S Operations in the UK



It is worth noting that capturing the full economic and social impacts of security related activities is not always a straightforward exercise. In general, in the security sector, it is easier to count the costs of investment made than appreciating the value of this

investment. Although, for example, it can be obvious when security (and investment in security) has failed, it is more difficult to ascertain when and what level of security has succeeded or is needed to ensure effective delivery of other services i.e. by delivering the best quality of infrastructure and support to ensure the desired protection and prevention of threats but also enhancing the 'feeling of security'. Nevertheless, the study aims to provide both quantifiable and qualitative impacts through analysis of relevant data and presentation of examples demonstrating the wider impacts that G4S generates.

The process by which G4S expenditure creates income for its suppliers and its suppliers' suppliers can be estimated using Input-Output tables. Input-Output tables show the flows of expenditure, which take place between sectors of the economy and allow the impact of a given level of expenditure on income and employment to be calculated. In the UK, the Office for National Statistics (ONS) at UK level publishes these data. The key data used to undertake this economic impact analysis relate to:

- Expenditure/investment undertaken by the company in the form of a wide range of items.
- Contracts and procurement expenditure – this would give the indirect impact of G4S expenditure.
- Wages and Salaries – this gives the induced impact as employees spend their incomes in the local economy.

Regional impacts have been calculated by distributing the total national impact according to the level of direct employment and procurement expenditure in each area.

G4S also contributes directly and indirectly to the Exchequer through the payment and collection of taxes by the company, employees and suppliers. G4S has provided details of the taxes paid in 2012 and value of taxes paid by employees and suppliers has been estimated using data published by ONS on the proportion of income paid in tax.



Economic impacts generated by the G4S activities are complemented by a wide range of **social activities undertaken by G4S** as part of the company's the commitment of the company to its Corporate Social Responsibility agenda. G4S provides significant support in the areas of business, local communities and non-profit organisations through direct funding, direct participation in community activities and the provision of in-kind contributions.

- All data are referenced to financial year 2012 unless otherwise stated.
- All impact calculations have been conducted in accordance with Government guidelines and the HM-Treasury's Green Book Guidance, and consistent with the ONS (Office for National Statistics) national accounts.
- Calculations of impacts in on a gross basis i.e. it does not explore what people and resources deployed by G4S and its suppliers would have contributed to the economy if G4S did not exist.
- All calculations have been prepared with figures provided by G4S.

## STRUCTURE OF THE REPORT

The remainder of this report is structured as follows:

- Section 2 presents a brief overview of G4S's operations.
- Section 3 presents the total economic impact of G4S in the UK and the UK regions.
- Section 4 presents an overview of the wider social impacts arising from the G4S activities in the UK.

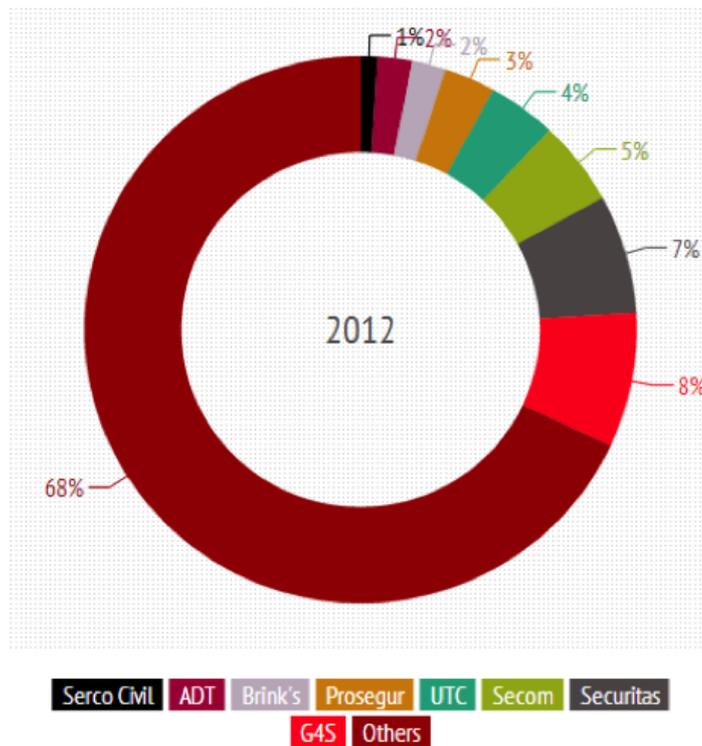
## 2. AN OVERVIEW OF G4S



G4S is one of the largest employers on the LSE, with operations in more than 125 countries and over 620,000 employees.

As shown in Figure 2, G4S holds the single largest market share in the global market. It can be, however, argued that, globally, G4S has no direct competitors, as no other companies compete across all service lines and geographical locations that G4S do.

Figure 2: Global Market Shares in Provision of Security Services



Source: G4S Plc. Annual Reports and Accounts 2012

### G4S KEY SERVICES

G4S segment their services into two key service lines – Secure Solutions and Cash Solutions.

- **Secure Solutions** – these activities refer integrated security solutions for commercial organisations in areas such as risk consulting, manned security and security systems and a range of services including protection of critical national infrastructure, care and justice

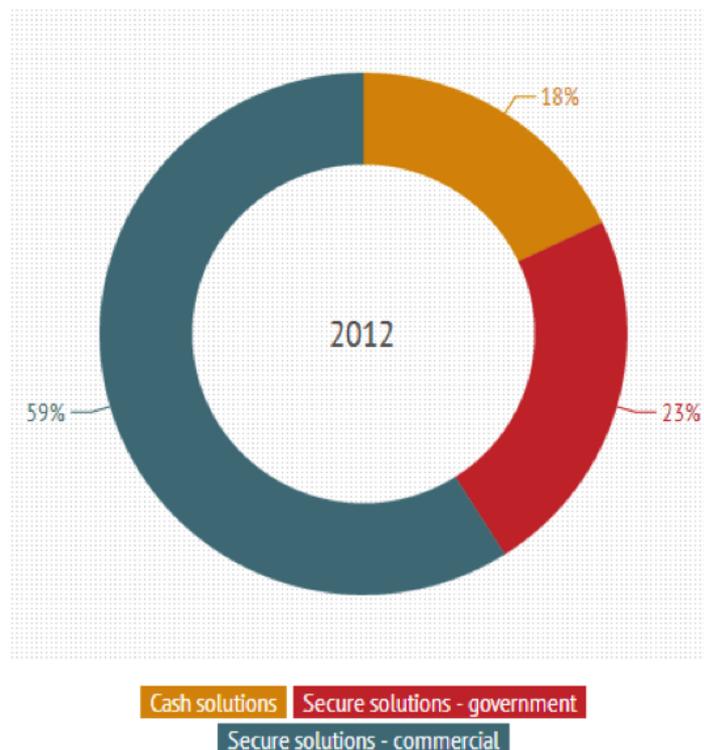
services, integrated facilities services and border protection for governments.

- **Cash Solutions** – these activities refer to outsourcing of cash cycle management for central banks, financial institutions and retailers.

Secure Solutions represent 82% of G4S's revenues, with services provided to both commercial and government sectors<sup>1</sup>. Commercial sectors cover both manufacturing and service industries in the UK including major corporates, financial institutions, private energy and utilities, ports and airports, transport and logistics, leisure and tourism.

Cash Solutions offered by G4S range from cash and valuables transportation including international transportation, cash management including retail cash management and ATM management. Financial institutions and retailers are the main customers of these services.

Figure 3: G4S Services Provided and Sectors Supported in the UK



Source: G4S Plc. Annual Reports and Accounts 2012

In the UK, G4S services cover a wide range of activities including:

- Managing five UK prisons, three secure training centres, two immigration centres and one pre-departure accommodation centre.
- Managing eight children's homes.
- Providing security services at eight UK airports and eight ports.
- Using a fleet of more than 2,150 cash



<sup>1</sup> G4S Plc. Annual Reports and Accounts 2012.

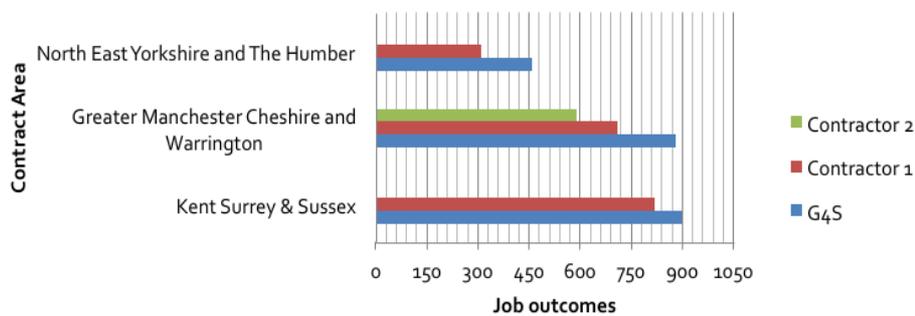
vehicles, transporting over £300 billion a year around the UK.

- Managing the delivery of Work Programme in seven regions in the UK.

**Exhibit 1**

The UK Government’s **Work Programme (WP)** was launched in June 2011 and its main objective is to train and offer employment to those who have been actively but unsuccessfully seeking a job. Eighteen prime providers have been selected to deliver 40 Work Programme contracts across throughout Great Britain. G4S has been successfully placed on the employment related services framework in 7 regions: East Midlands, London East, North East, North West, Scotland, South East and Yorkshire and The Humber.

To deliver the programme, **G4S operates a 100% subcontracted to local organisations delivery model**. Official performance<sup>2</sup> data released in November 2012 showed as depicted below that G4S is the top-performing contractor in all the areas they operate the Programme in.



Other services provided by G4S include:

- Co-ordinating 73,264 alarm callouts and 550,878 visits to customer premises a year.
- Securing 500 police stations and 30 custody suites.
- Providing facilities management to critical Government facilities, 168 hospitals/healthcare centres and 35 schools.
- Carrying out over 577,000 private ambulance journeys a year.
- Providing security at major sporting and cultural events including The Championships, Wimbledon (for more than 25 years) and The Open Championship (the British Open).
- Making over 53 million visits to UK properties a year and take 39 million meter readings for utility companies.
- Visiting over 26,000 hotels and B&Bs a year to carry out assessments for VisitBritain.
- Protecting international summits and events on behalf of the FCO, including the G8/G7 summits.



<sup>2</sup> <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/162/162weo8.htm>

- G4S UK have won 39 public sector contracts and 43 commercial contracts (£1m>) since 1<sup>st</sup> January 2011.

### G4S VALUES

Managing relationships with customers, employees and communities, and mitigating impacts on the environment is fundamental to G4S's strategy as it reinforces employee loyalty and helps in attracting new employees. It also helps securing new customers and retaining existing ones. Investors expect high standards of ethics and responsible business practices.

### GROUP VALUES

<b>Customer Focus</b> We have close, open relationships with our customers that generate trust and we work in partnership for the mutual benefit of our organisations	<b>Expertise</b> We develop and demonstrate our expertise through our innovative approach to creating and delivering the right solution	<b>Best People</b> We employ the best people, develop their competence, provide opportunity and inspire them to apply our values
<b>Teamwork &amp; Collaboration</b> We collaborate for the benefit of our customers and G4S	<b>Integrity</b> We can always be trusted to do the right thing	<b>Performance</b> We seek to improve performance year-on-year to create long term sustainability

**G4S is also committed to building a sustainable business for our current and future stakeholders and the company's Corporate Social Responsibility (CSR) strategy<sup>3</sup> is fully embedded within the company's overall business strategy and forward planning.**

During 2012, G4S:

- Increased membership of the CSR Committee.
- Developed of new human rights policy and guidance framework<sup>4</sup> for all G4S businesses and employees, based upon the UN Guiding Principles on Business & Human Rights.
- Has been actively committed to the Principles of the UN Global Compact and alignment of both our CSR and UN Global Compact "Communication on Progress" reporting requirements.
- Has continued participating in the development of the International Code of Conduct for Private Security Providers.
- G4S Risk Management is now a founder member of the ICOC Association.



<sup>3</sup> G4S plc Corporate Social Responsibility Report 2012.

<sup>4</sup> Launched in April 2013 – see: [www.g4s.com](http://www.g4s.com).

### 3. THE ECONOMIC IMPACT OF G4S IN THE UK

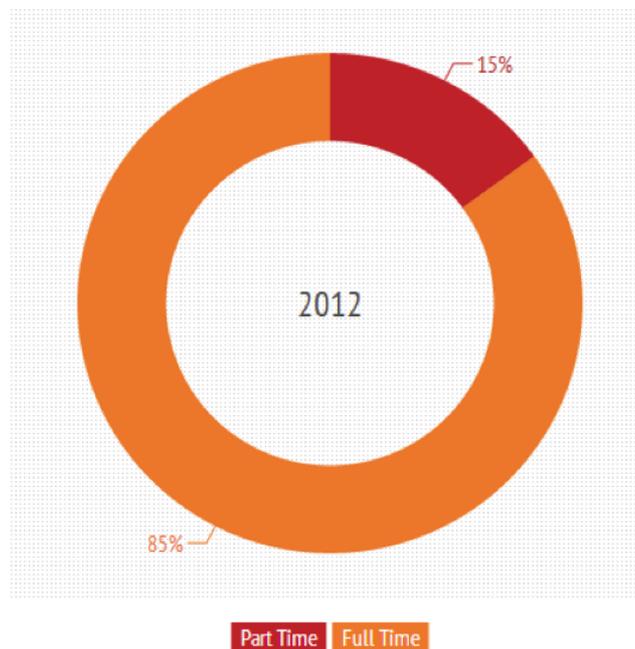


#### G4S'S DIRECT ECONOMIC IMPACT

G4S directly employed around 45,000 people living and working in the UK in 2012. Of these:

- 85% were in full-time employment and 15% in part-time employment.

Figure 4: Type of Employment - G4S Employees, 2012

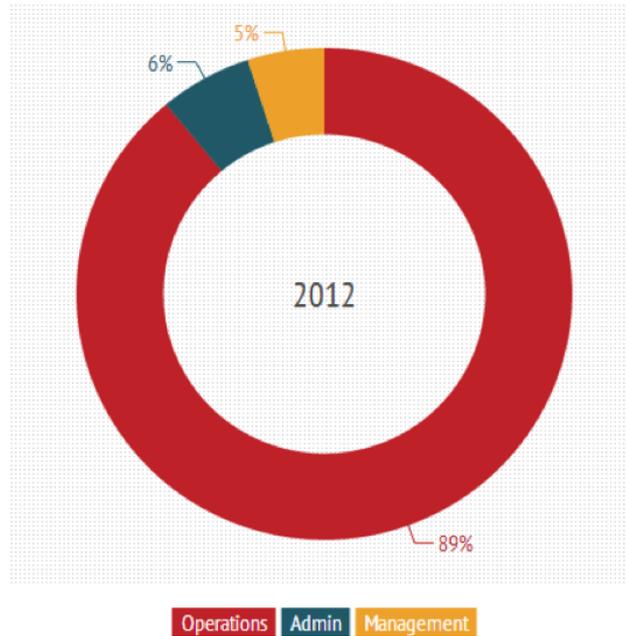


- Nearly nine in 10 G4S employees in the UK were employed in Operations, with the remainder nearly equally split between Management and Administration. There is no ideal, one-size-fits all manager to staff ratio as the appropriate ratio depends on the type of industry and work done, level of staff employed and expertise required. However, drawing upon the findings of a CIPD survey<sup>5</sup>, in terms of ratio of managers to employees,

<sup>5</sup> Employee Outlook Spring 2012, CIPD Outlook Series – based on online survey of 1,989 UK employees conducted by YouGov from 20–27 March 2012, [cipd.co.uk/employeeoutlook](http://cipd.co.uk/employeeoutlook).

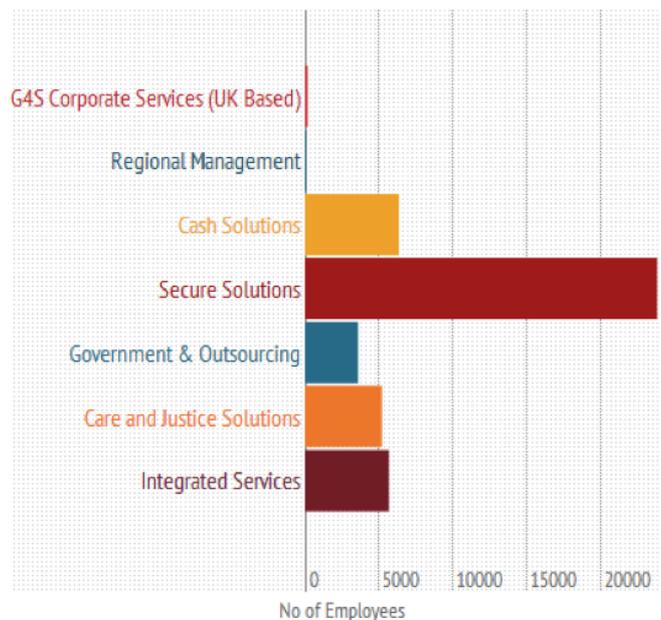
the G4s figure of 5% management compares with 35% managers in the voluntary sector, followed by the public sector (30%) and the private sector (27%).

Figure 5: Structure of Employment, 2012



- Over half the UK G4S staff (53%) were employed in Secure Solutions, 15% in Cash Solutions, 13% in Integrated Services<sup>6</sup>, 12% in Care and Justice and 8% in Government & Outsourcing. It is also worth noting that around 4 in 10 employees were working on Government contracts.

Figure 6: Employment by G4S Service, 2012



<sup>6</sup> Integrated Service include: Facilities Management, Information Security & Assurance, Infrastructure & Defence Services, Medical Services, Energy & Environmental Consultancy, PPP/PFI and Technical Services such as specialist technical engineering support and building asset advice.

- London, North West, South East and the West Midlands accounted for over half the G4S employment (55%).

Figure 7: G4S Employment in the UK Regions and Nations, 2012

UK Regions	
East of England	5%
East Midlands	5%
London	17%
North East	4%
North West	15%
Northern Ireland	4%
Scotland	11%
South East	12%
South West	5%
Wales	5%
West Midlands	11%
Yorkshire & the Humber	6%

- The total G4S employment in the UK in 2012 was 45,000 employees across the country. This is equivalent to 41,721 FTEs i.e. equivalent to the city of Winchester.
- Total G4S wage expenditure was £841,210,301 for 2012. Average salaries ranged between various divisions/services of G4S i.e. from approximately £25,000 per annum in Secure Solutions to £30,000 per annum in Integrated Services.
- The direct G4S employment and expenditure figures resulted in: **£1,781,848,390 output for the UK economy, £983,639,200 of which is Gross Value Added (GVA).**

**IMPACT ON SUPPLIERS (INDIRECT IMPACT)**

G4S spent a total of £576,222,133 with 7,500 UK-based suppliers in 2012, 75% of which were SMEs.

In turn, this expenditure supported employment and income in G4S's immediate supplier industries, and their subsequent suppliers. In total, it is estimated that this expenditure supported approximately 13,000 FTE jobs along the G4S supply chain and generated an additional £573,334,452 GVA.

Figure 8 presents the annual indirect impacts generated by G4S expenditure on suppliers.

Figure 8: Indirect Supply Chain Impacts, 2012

Indirect	Value
Employment supported amongst suppliers	12,926 FTEs
Output generated amongst suppliers	£1,368,473,626
GVA generated	£573,334,452

### IMPACT OF EMPLOYEE EXPENDITURE (INDUCED IMPACT)

G4S employees and contractors based in the UK supported further employment and output in consumer industries through their expenditure. It is estimated that in total, this wage expenditure supported a further 13,662 FTE jobs with associated turnover/output of £787,580,504. Figure 9 presents the wider induced employment and output supported through this expenditure.

Figure 9: Induced Impacts in the UK, 2012

Indirect	Value
Employment supported in consumer sectors	13,662 FTEs
Output generated in consumer sectors	£787,580,504
GVA generated	£389,243,413

### TAXES PAID IN THE UK

In total, the overall tax contribution of G4S in the UK is calculated at £550 million for 2012. For example:

- G4S paid approximately £105 million of taxes (such as employer National Insurance Contribution and business rates). Employees PAYE and national insurance contributions amounted to a further £199 million. It is therefore estimated that the total direct tax contribution of G4S and its employees was £304 million in 2012.
- In addition, the businesses and the employees in the supply chain indirectly generated a further £127.3 million in taxes whilst the induced jobs generated £118.6 million.

As well as paying taxes, the company also collects VAT from customers on behalf of HMRC – in 2012 this amounted to £156 million.

### TOTAL ECONOMIC IMPACT IN THE UK

In total, through direct and domino effects, G4S has supported approximately 68,000 FTE positions (which therefore represent a larger number of people and jobs in part-time and full-time employment), with a value of £1.95 billion in 2012 and taxes amounting to approximately £550 million. These are summarized in Figure 10.

Figure 10: Summary of Total G4S Operating Economic Impacts in the UK, 2012

	FTE Employment	Output	GVA	Tax Paid
Direct	41,721	£1,781,848,390	£983,639,200	£304,255,933
Indirect	12,926	£1,368,473,626	£573,334,452	£127,267,725
Induced	13,662	£787,580,504	£389,243,413	£118,579,985
<b>Total</b>	<b>68,309</b>	<b>3,937,902,520</b>	<b>1,946,217,065</b>	<b>550,103,643</b>

Figure 11 provides a summary of the estimated impact generated by the key G4S services in terms of FTE and GVA. Secure solutions generated relatively more FTE jobs whilst Care & Justice and Integrated services together generate relatively higher GVA.

Figure 11: Economic Impacts by G4S Business Unit

	FTE Employment	GVA
Care & Justice and Integrated Services	23,839	734,926,396
Cash Solutions UK	10,787	345,024,722
Secure Solutions UK	33,282	593,021,431
Other	401	30,549,480
<b>Total</b>	<b>68,309</b>	<b>1,703,522,028</b>

**OTHER SAVINGS TO THE UK ECONOMY**

The following examples present additional benefits arising for the UK economy from G4S delivering specific public services drawing upon secondary data and resources. Additional work will be needed to assess the full impact and difference made on public accounts from the delivery of Government services contracts by G4S and the operation of 'quasi-markets' in delivery of selected public services involving G4S. Furthermore, in order to monetise the impact of specific operations that reach a wide range of daily market transactions e.g. Cash Solutions, a comprehensive logic chain will need to be developed and a systematic approach to capturing baseline information and benefits (and opportunity costs) over time will need to be agreed.

**A. Work Programme**



After the first 2-year cycle of operation, the Work Programme is performing very well (see also Exhibit 1 on page 8). Over 1.2 million claimants have been referred to the programme in the first two years of which 312,000 have started in a job and 132,000 have achieved sustained job outcomes. At any one time, an average 3% of working-age people are supported on the programme, and the Government's initial estimate of 3.3 million claimants passing through the programme by 2015-16 looks to be achieved.<sup>7</sup>

G4S has many outstanding achievements to date through the Work Programme including coming 2<sup>nd</sup> in the Inclusion's league table of all 18 Prime Contractors delivering the Work Programme.

Through the Work Programme, **G4S alone has helped 26,200 people nation wide to find employment within 18 months including 56% of long-term unemployed young people and 35% disadvantaged Early Access Customers. On the basis of these deliverables, an**

<sup>7</sup> G4S Policy Briefing.

estimated £120 million a year has been saved in benefit. In addition, through its involvement in the programme:

- G4S has also invested £17 million in voluntary sector partners in their supply chain.
- A significant 78% of customers claiming a health benefit have also found sustained employment through G4S.<sup>8</sup>

### B. Policing Strategic Partnerships

One year on from the start of the G4S-Lincolnshire Police Strategic Partnership, which saw the bulk of the force's organisational services transferred to G4S, Lincolnshire Police has been able to make estimated savings of 18% - higher than the 13.6% originally guaranteed by G4S – equating to £5 million per year against a plan of £3.6 million. The savings achieved mean Lincolnshire now spends the lowest amount per head of population on policing in England and Wales.

Other benefits include:

- A four month backlog of files for processing firearms licenses has been cleared and files are now prepared up to two months in advance.
- 999 call response rate improved to an average of over 93% of calls answered within 10 seconds, up from an average of 89% in 2011/12.
- Launch of new Street to Suite™ service across the county results in saving of over 1,850 hours of police officers' time.
- The Force Control Room – which handles all 999 and 111 calls - has increased customer satisfaction to a rate of 94% based on monthly reports from Lincolnshire Police.



Over the life of the contract G4S is committed to delivering £36m in savings. According to Lincolnshire's PCC, Alan Hardwick, if the other 42 forces in England and Wales could achieve this level of spending, the savings to the national purse would amount to £1 billion.

### C. Care & Justice - Prisons



The benefits of reducing reoffending rates are huge. Firstly, the cost of custody is expensive, with the latest average cost calculated to be £36,563 in 2010/11. In addition, research published in 2012 found that for those released from custody over three-quarters (78.4%) go on to re-offend<sup>9</sup>. The economic and social cost of re-offending is reported to be between £9.5bn - £13bn per annum<sup>10</sup>.

Following a major cost review of public and contracted prisons by Coopers & Lybrand in

<sup>8</sup> G4S – WELFARE TO WORK 2013.

<sup>9</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/163377/2012-compendium-reoffending-stats-analysis.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/163377/2012-compendium-reoffending-stats-analysis.pdf)

<sup>10</sup> <http://www.nao.org.uk/wp-content/uploads/2010/03/0910431.pdf>

1994, the Home Office continued to measure cost until 1998, controlled for the various differences in prison size, design, programme and population. These studies found that privately run establishments offered an operational cost saving per prisoner of between 11% and 15% compared to similar public sector prisons throughout the 1990s, although some academics have pointed out that the relative saving per place falls considerably towards the end of the period due to greater levels of overcrowding in privately run institutions.

There has been no formal comparison of publicly and privately prison costs since 1998. However, the transfer of HMP Birmingham from public sector to private sector management, in the first contract of its kind, provides more recent evidence. Although no quality impact assessments have yet been completed, official cost figures for 2011-12 enable a direct cost comparison to be made between the previous public management and the private sector contract under G4S. In the six months since taking over from the public sector, G4S reduced resource expenditure by just under 35 per cent on the previous public sector running cost, equivalent to £8 million a year, or over £11,000 per prisoner<sup>11</sup>.

### D. Cash Solutions

G4S are the largest cash handling business in the UK, with the company handling around a third of the cash in circulation (an estimated £300bn annually) at some point in the cycle. G4S provide a number of services to help businesses manage their cash better including:

- Transporting cash
- Securing cash (e.g. safes)
- Processing cash
- Engineering



Cash solutions in the UK employ 6,183 employees and have:

- Mix of crew (cash couriers), engineers and head office staff.
- 2,000 vehicles on the road.
- All members trained to British Security Industry Association (BSIA) standards – particular training is required for certain activities – e.g. transit at airports.
- Stable workforce, with an annual churn of only around 10%-12%.
- On-going training provided to staff including some MBAs.
- Opportunity for internal progression with 50% of vacancies filled by internal staff.
- All sales staff have ISM accreditation.
- Crews – have counsellors for staff that have been subject to attack.
- Part of careers transition partnership e.g. helping ex-forces prepare for entering the workforce.

Several of the key benefits to businesses of G4S Cash solutions that may not be captured by the national accounts arise from the full service provided by G4S as depicted in Figure 12. These would include:

- Helping to improve the efficiency of businesses by reducing the cost of taking cash to the bank – such as convenience – e.g. a small rural business may have to close for a

<sup>11</sup> Ministry of Justice (2012) - Cost per place and cost per prisoner by individual prison establishment, 2011-12. *Reform analysis*.

period while the owner takes cash to the bank. Similarly, the logistics required to coordinate cash transfer for large national retailers means that it can be managed effectively by G4S.

- Helping to reduce the losses faced by customers by providing:

- Better secure solutions for storing cash – these are recognised by insurance companies and can therefore reduce insurance premiums as well as securing cash.
- Better validation services to reduce the number of forgeries accepted by businesses.
- Improved counting devices, which reduce the time to do stock taking and also reduce losses from employee theft.
- Secure transportation of cash, particularly in high-risk areas/sectors reduces the risk of robberies and thefts. It is worth noting that retail crime costs UK retailers £1.1bn per annum, with shrinkage equivalent to 1.28% of sales.<sup>12</sup> Employee theft accounts for 5.4% of these costs. The threat of robbery on cash-in-transit remains a risk, although the improved security measures adopted by G4S is deterring attacks on passengers, BSIA still report that in 2011, 144 crew members fell victim to attack, many sustaining injuries.



- There is also the benefit to the high street from the presence of uniformed security guards being present transporting cash.

**Figure 12: G4s Cash solutions - The Pathway to Business Benefits**



<sup>12</sup> [http://www.brc.org.uk/Downloads/2010\\_BRC\\_Retail\\_Crime\\_Survey.pdf](http://www.brc.org.uk/Downloads/2010_BRC_Retail_Crime_Survey.pdf)

**REGIONAL TOTAL IMPACTS**

The total economic impacts generated by G4S are distributed in the UK regions as illustrated in Figures 13, 14 and 15.

As shown in Figures 14 and 15, both, the Gross Value Added and FTE employment generated by G4S operations is higher in absolute terms in London, the South East and North West than other regions and nations in the UK.



On the other hand, G4S operations make a relatively higher contribution to the regional GVA of Northern Ireland, Wales, North West and West Midlands in comparison with other parts of the country (as illustrated in Figure 13).

**Figure 13: Total Impacts of G4S UK Operations by UK Region**

	FTE Employment	Output £	GVA £	Contribution to regional GVA <sup>13</sup>
East of England	3,489	£201,120,683	£99,399,237	0.08%
East Midlands	3,585	£206,660,955	£102,137,388	0.11%
London	11,334	£653,400,382	£322,927,997	0.10%
North East	2,691	£155,127,628	£76,668,235	0.17%
North West	9,909	£571,263,645	£282,333,818	0.21%
Northern Ireland	2,935	£169,198,161	£83,622,270	2.5%
Scotland	7,640	£440,407,687	£217,661,293	0.18%
South East	8,273	£476,903,132	£235,698,322	0.11%
South West	3,597	£207,364,482	£102,485,090	0.09%
Wales	3,109	£179,223,416	£88,577,020	1.7%
West Midlands	7,829	£451,312,350	£223,050,671	0.21%
Yorkshire & the	3,919	£225,919,998	£111,655,723	0.11%
<b>Total</b>	<b>68,310</b>	<b>£3,937,902,519</b>	<b>£1,946,217,064</b>	

<sup>13</sup> ONS, 2011.

Figure 14: FTE Employment Impacts of G4S UK Operations by UK Region

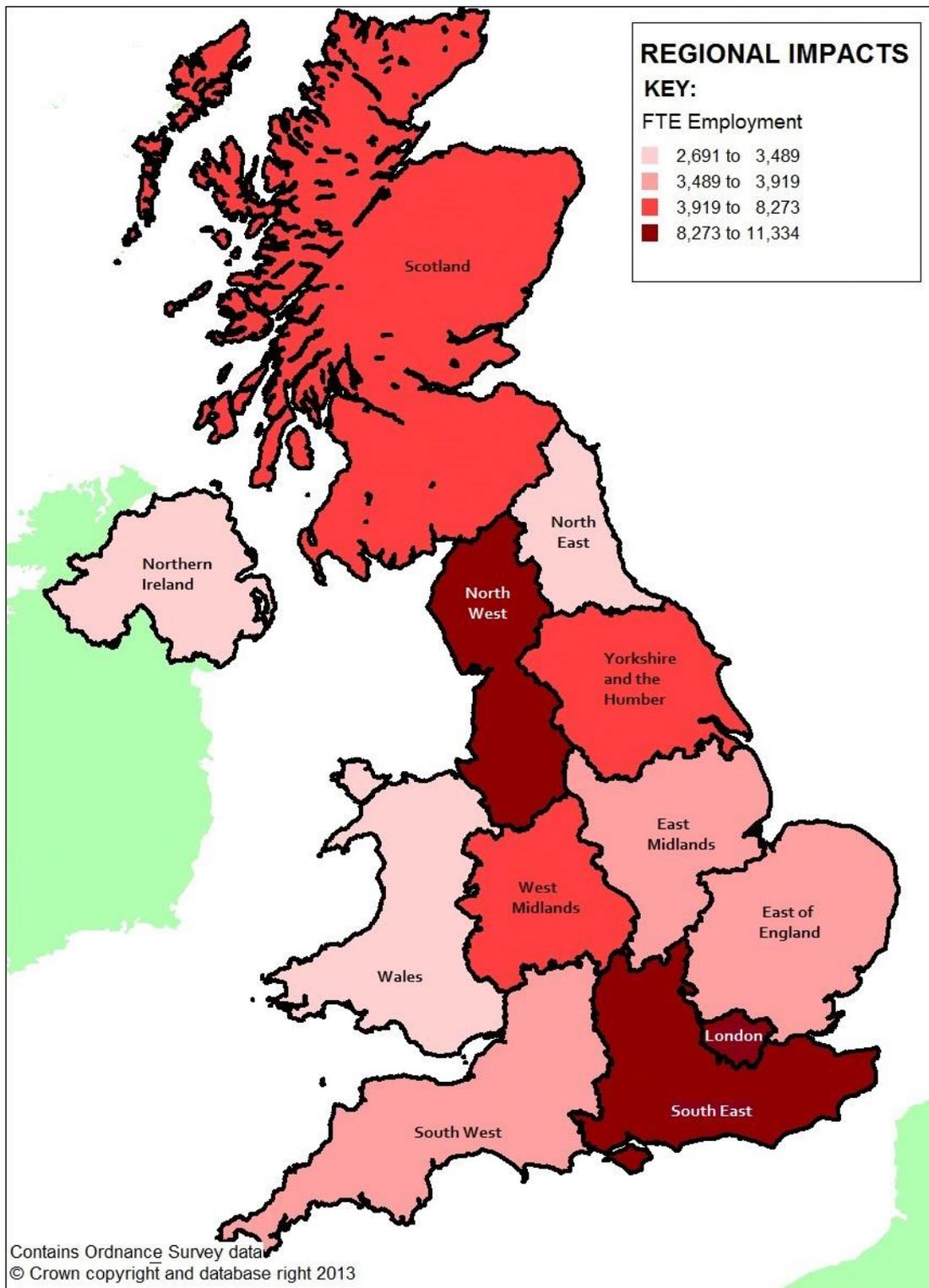
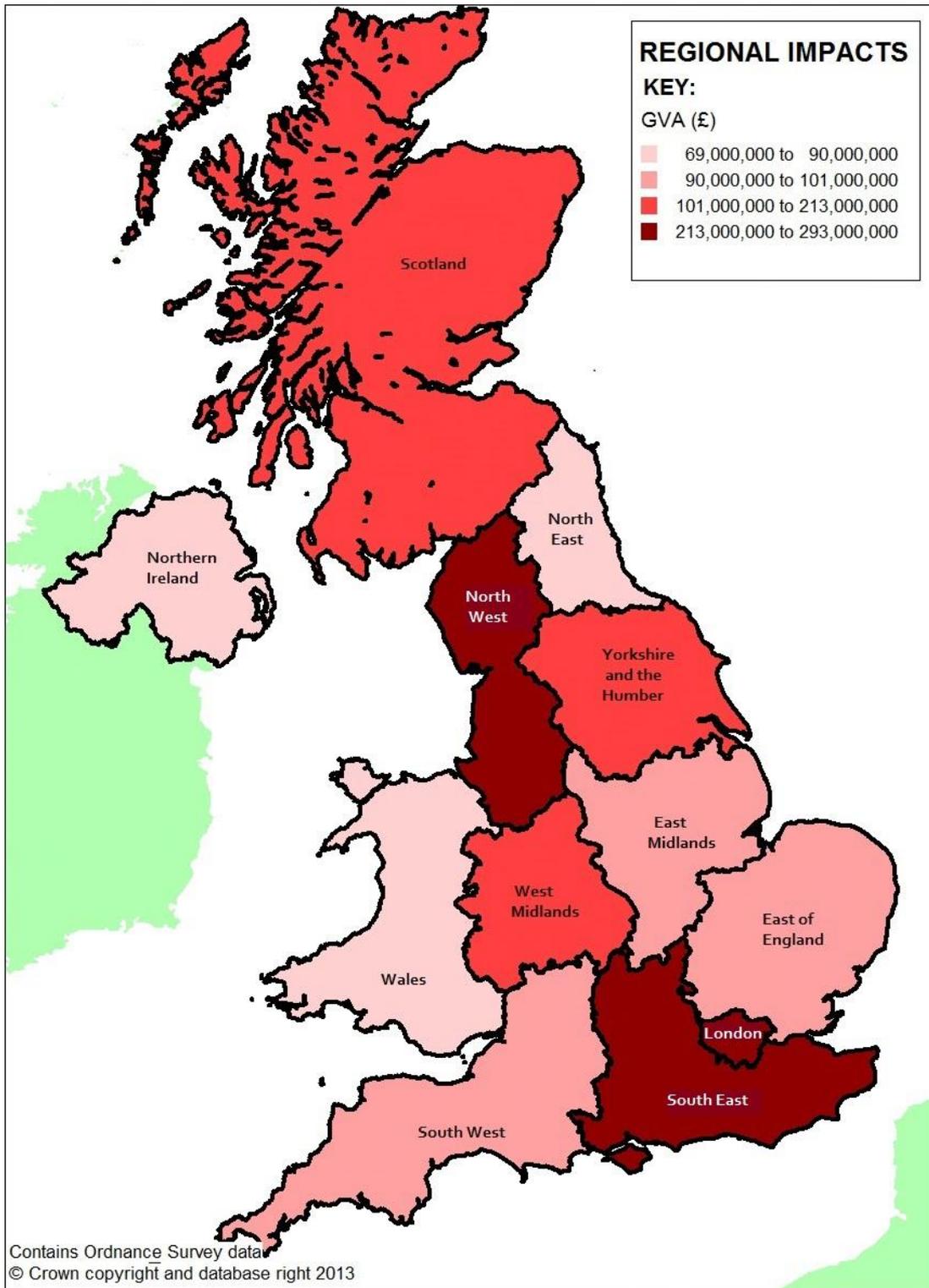


Figure 15: Gross Value Added Impacts of G4S UK Operations by UK Region



## 4. WIDER SOCIAL IMPACTS

---

G4S makes significant contribution to the functioning of the UK economy through its significant support of local communities and non-profit organisations through direct funding and/or the provision of in-kind contributions.

### Investment in Our Communities

G4S committed 2.4% of pre-tax profits to activities that support society in 2012. This amounted to £2.8 million comprising time, money and in-kind contributions. G4S has also supported various fundraising events. It is worth noting that G4S made a one off donation of £2.5m to military charities as a gesture of thanks for the armed forces support during London 2012.

### Supporting Charities and Voluntary Organisations

G4S works with a range of small local groups and larger third sector organisations such as NSPCC. Key Corporate Social Responsibility (CSR) programmes in the UK include:

- Invisible Walls:** In 2012, HMP & YOI Parc received an award of more than £3 million from the Big Lottery Fund to run an innovative project called Invisible Walls in Wales. The project aims to provide intensive support to prisoners and their families, both inside prison and after release, to curb the destructive cycle of reoffending while also addressing other multiple and complex social issues. Invisible Walls achieves this through a package of intervention including specialist parenting and relationship programmes for the whole family, helpful family advice on a range of topics and support in moving towards employment. A consortium of agencies delivers the Invisible Walls Wales project. G4S is the lead agency and grant holder but it is working in partnership with Barnardo's, Bridgend County Council, Gwalia and Welsh Centre for Crime and Social Justice.



- Scottish Street Rugby:** With a six-figure investment over a three-year period, G4S Events has been the main sponsor of Scottish Rugby's Street Rugby initiative since 2010. This community programme, which received a cross-party commendation at the Scottish Parliament, offers disadvantaged teens and young adults throughout Scotland potentially life-changing opportunities to improve their education, skills, confidence, health and wellbeing. Importantly, it also encourages them to start developing respect



for themselves and others – this in turn is helping to build stronger, safer communities. To date, together with the Scottish Rugby Union we have provided free rugby coaching and playing activities to more than 16,660 young people (boys and girls) across Scotland, including 4,815 participants in 588 sessions during the 2011/12 season. New for 2012 was the G4S Street Rugby Referral Programme,

supported by Cashback for Communities. This is an intensive programme of activity, lasting up to 12 weeks, that aims to equip participants with rugby, coaching and leadership skills and encourage them to develop positive behaviours.

- **Bromley By Bow:** The G4S alliance with the Bromley by Bow Centre (BBBC) was established in 2002. That year, in response to Government Private Finance Initiatives (PFI), G4S decided to develop its own approach to the building and managing of health centres. The Centre uses a radical approach to delivering primary care and opened the first health centre in Britain that was owned by the patients and rented back to the GPs. In addition BBBC offers the community a range of on-site services including work on allotments, vocational training courses and English lessons. The partnership has resulted in a reciprocal business relationship that benefits both organisations: BBBC has provided



bromley by bow centre

teaching to G4S employees at Mile End Hospital while BBBC's landscaping social enterprise provides grounds maintenance to 26 schools we manage in Tower Hamlets. Our relationship with the Bromley by Bow Centre is an excellent example of how we integrate CSR principles within our core business activities: allowing us to build solid financial performance while also making a positive contribution to the wider community and environment in which we operate. The Centre is a beacon of excellence in one of the most deprived parts of London

and we are pleased that we are able to support the BBBC team across a range of activities, which help both of us achieve our strategic goals.

### Focus on Skills and Development

There is a significant investment in staff training that is both determined by need and is also demand driven. For example, as shown in the case study in the next pages, at HMP/YOI Parc, there is a range of mandatory training courses. Training plans are developed for groups of staff ensuring that the necessary skills are available. Staff are also supported to undertake external training through a range of sources (Open University, Local Colleges), such as undertaking PGCE. Commitment to staff development is demonstrated through various accreditations such as Investors in People, British Safety Council 5 star accreditation and 'Investors in Excellence'.



G4S is also supporting the Government's Agenda on promoting Apprenticeship Schemes with continued investment in general and specific areas. This includes:

- 659 G4S employees on an apprenticeship scheme leading to NVQ qualifications - 192 are aged between 18 and 25 years old.
- 435 in Government & Outsourcing Services with 178 of these aged between 18-25 years.
- 224 in Secure Solutions (14 aged between 18-25 years)

**Exhibit 2**

**HM Prison & Young Offenders' Institution Parc – Dispelling Myths**

HMP/YOI Parc is a category B male prison and Young Offenders Institute located in Bridgend, South Wales. It currently accommodates 1,038 convicted male prisoners and remand/convicted young people. G4S has a 25-year contract to run the prison (that opened in 1997). The prison is due to expand to provide a further 387 places by the end of 2014.

The prison costs around £60m a year to run<sup>14</sup> and currently employs 616 FTE direct staff (634 headcount) with the expansion expected to create a further 75 jobs. There are a number of jobs that are subcontracted, such as healthcare, library services and facilities management provided through G4S integrated services. In addition, there are also a

number of jobs supported by the local authority such as social workers.



There are a wide range of jobs at the prison, including teachers, case workers, catering staff, social workers and administrative staff, with less than half of staff employed as custody officers. There is a relatively low turnover of staff of less than 5% p.a., with the average employee being with the prison for 7 years. There are a limited number of

apprenticeships at the prison but opportunities are being explored with the Princes Trust.

The vast majority of the workforce lives within 20 miles of the prison. Employees are typically recruited via the G4S online website, although some specialist roles are advertised elsewhere. Although there are a wide variety of jobs, the prison only reports a difficulty in recruiting catering staff. In terms of recruiting staff, they qualified to NVQ level 2, but the focus is not on formal qualifications, a full day assessment tests the ability to engage with prisoners. There is also extensive training of 8-9 weeks prior to starting work as a custody officer. For other jobs some professional qualifications are required e.g. teachers.

There is a significant investment in staff training that is both determined by need and is also demand driven. There are a range of mandatory training courses such as offender management, risk assessment and substance misuse training most of which is delivered in-house via train-the-trainer. Staff are also supported to undertake external training through a range of sources (Open University, Local Colleges), such as undertaking PGCE. The prison's commitment to staff development is demonstrated through various accreditations such as Investors in People, British Safety Council 5 star accreditation and "Investors in Excellence".

Parc has two broad sets of objectives:

Firstly, there are contractual targets and standards related to the operation of the prison set by the Ministry of Justice. These include a range of Key Performance Indicators (KPIs) and funding requirements. These targets are set annually and audited across a range of areas. In the 2012/13, assessment across all prisons in the UK, Parc received the highest rating of 'exceptional performance'.<sup>15</sup>

<sup>14</sup> <https://www.gov.uk/government/publications/prison-and-probation-trusts-performance-statistics-2011-12>

<sup>15</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/225226/prison-annual-per-ratings-12-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225226/prison-annual-per-ratings-12-13.pdf)

Secondly, the prison aims to go beyond the contractual targets to be a progressive and innovative externally focused prison to reduce re-offending and enable prisoners to contribute fully to the community.

There are a number of interlinked factors that contribute to reoffending including substance misuse problems, pro-criminal attitudes, difficult family backgrounds,



unemployment and financial problems, homelessness and mental health problems<sup>16</sup>. Therefore, activities at Parc seek to address these issues to reduce offending rates by working together with a wide range of organisations. In addition to providing a high level of services in conjunction with public sector agencies such as the probation service, housing and social services, the prison works with a range of other groups to lever in resources and get

match funding:

**Local community** – The prison engages with these key stakeholders to allow people to see the quality of work in order to dispel myths about prison. Fund raising at the prison supports a number of community groups and the prison receives visits from a range of organisations such as the local press and MPs. In addition, there is a programme for prisoners to undertake community work.

**Local businesses** – the prison has received grants from a range of businesses such as Lloyds Bank, Barclays Bank and Morrison's to undertake a wide range of work with prisons – such as guarding against self-harm.

**Children and families of prisoners** – as previously noted, the prison has attracted a £3m lottery grant<sup>17</sup><sup>18</sup> to undertake experimental work with children and families trying to develop ways to prevent prisoners being separated from their families, the Invisible Walls project.

**Charities and voluntary organisations** – the prison works with a range of small groups as part of its CSR as well as larger 3<sup>rd</sup> sector organisations like NSPCC – baking class – make environment decent; mental health charities; there are also volunteers from the local community that work with offenders.

**Academics and researchers** – the prison often gets requests for visits from researchers. To improve the quality of the research and also minimise the impact on the operation of the prison an intervention and research panel has been established which includes academics to assess the research proposals. Only high quality post-graduate research is allowed.

**Arts and media** – have a high profile in arts and media, e.g. run a parallel with the Hay Festival and have an art and ceramics display; also they do work with theatre companies and receive match funding.

**Resettlement training** - help people get into work, e.g. fork-lift truck training, In addition, people in leisure industry offer mentoring with offenders.

The innovative approach to working with prisoners to reduce reoffending is an on-going process. The prison is definitely becoming more open, although with the constraints of funding and time a lot more could be done.

<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/243718/evidence-reduce-reoffending.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/243718/evidence-reduce-reoffending.pdf)

<sup>17</sup> <http://www.biglotteryfund.org.uk/funding/big-stories/hmp-and-yoi-parc-prison>

<sup>18</sup> <http://www.g4s.uk.com/en-GB/Media%20Centre/News/2012/03/28/Big%20Lottery%20Fund%20Award/>

### Providing excellent Employment Standards and Living Wage (as opposed to Minimum Wage).

- The majority of G4S UK employees are paid above the UK or London living wage. The absolute percentage varies between businesses, depending on the mix of skills and flexibility needed. – Note: Around 70% of G4S employees in the UK receive more than the current London Living Wage (£8.55) or UK living wage (£7.45) depending on where they are located.



- G4S has strong partnerships with several trade unions in the UK and has worked in partnership with the GMB (of which over 19,000 of our UK employees are members) for over 40 years. In 2012, the GMB General Secretary Paul Kenny said that G4S are 'significantly better employers than others in the business' and '...[G4S] has professionalised the industry, urging other providers to get staff qualified, and raise wages.'
- In addition G4S work closely with UNI Global Union Federation to implement an 'Ethical Employment Partnership' across our businesses worldwide. In response to G4S signing this partnership agreement Philip Jennings, General Secretary of UNI said: '(...) this agreement as a first for a British employer in the services sector [and] represents an opportunity for progress for the many thousands of workers who want to improve their lives through building unions and is intended to raise standards across the many markets where G4S operates.' In 2011 Alice Dale, Head of UNI Property Services, commented that 'The partnership with G4S continues to drive standards in the security industry and its success provides evidence of the company's commitment to its employees and their collective voice.'

### Supporting SMEs and local businesses

As noted earlier, 3 in 5 suppliers are SMEs and some contracts delivered by G4S like the Work Programme are 100% outsourced to local delivery organisations and businesses.

### Supporting Climate Change

G4S achieved overall reduction in carbon intensity of 4.3% in 2012. Between 2009 and 2012, the company achieved a 16% reduction in carbon against a target of 13%.

### Technology Investment

G4S has managed to successfully integrate human resources and technology in delivery of its services but also invest in R&D.

- G4S have 6 technology patents that have been developed in the UK.
- R&D resource spend for 2013 is estimated to be £2.6m.



- G4S Technology employs 225 people (with HQ in Tewkesbury). The Monitoring Technologies division employs 80 people, of which around 35 are involved in development of hardware and software.
- G4S has supplied electronic monitoring products to the Netherlands, Cyprus, New Zealand, Australia, UAE, France, Norway, Brazil and USA.
- The G4S UK fleet utilises satellite tracking to enable real-time monitoring and feedback on driver behaviour, reducing traffic accidents and increasing fuel efficiency.
- Secure transportation of cash is based on purpose-built technology to transport, protect, count and reconcile the cash to customer records.
- G4S continues to implement innovative technology such as CASH360.



Warwick Economics & Development Ltd.  
[www.w-ecd.com](http://www.w-ecd.com)

Nottingham Business School  
[www.nbs.ac.uk](http://www.nbs.ac.uk)

Somerset House  
Clarendon Place  
CV32 5QN

Burton Street  
Nottingham  
NG1 4BU

The report was produced in December 2013.