

G4S UK: Socio-economic impact assessment



January 2020



About this report

This report provides an assessment of G4S' economic and employment impacts in the UK along with a review of key aspects of its work that can deliver wider positive social impact. It can be used to understand the scale of G4S' contribution as well as to gain learnings and insight on opportunities to add greater value.

The breadth and scale of G4S' operations in the UK mean it has the potential to make a significant impact through the economic value and jobs it generates, whether directly through its own operations or indirectly through its value chain (jobs created through its suppliers and the spending of its employees). In addition, it has the potential to generate wider social impact through the way that it manages its services, works with customers to deliver contracts, trains and recruits its staff and so on.

To form a deeper understanding of its impacts, G4S commissioned Corporate Citizenship, an independent sustainability consultancy, to undertake a socio-economic impact assessment of G4S' operations in the UK. This assessment aims to understand the socio-economic value that G4S brings to the UK. It uses independent analysis of company data and stakeholder insights to measure and report G4S' key contributions to economic growth, jobs, taxes, and employment.

This report is based on a mix of quantitative and qualitative information and sets out key findings from Corporate Citizenship's assessment. Its main focus is on G4S' **economic contribution** to the UK and its **impact on employment**, which are covered in **Part 1** of the report.

In conducting our review, Corporate Citizenship also identified several initiatives and working practices that deliver, or have the capacity to deliver, additional positive social impact and which provide an opportunity, if replicated and/or scaled up, for G4S to add greater socio-economic value and impact. These broadly match to the following impact areas:

- Significant government & business partner
- Enabler of safer, more secure environments
- Innovator & raising standards for the industry

These areas are covered in Part 2 of the report, along with several illustrative case studies.

For information on G4S' broader business strategy and CSR performance, readers should refer to G4S' Integrated Report and Accounts 2018 or contact G4S direct at csr@g4s.com.

About Corporate Citizenship

Corporate Citizenship is a global consultancy that starts with a very simple premise - that just as individual citizens have rights, responsibilities and aspirations, so do companies. For more than 20 years we've helped businesses find their place in the world. Working as critical friends we ask the sometimes difficult questions that challenge our clients to fulfil their responsibilities and ambitions through practical action.

Methodology

Corporate Citizenship's process for this exercise involved analysing financial and management information provided by G4S. This was supplemented by interviews with officers responsible for delivering key initiatives. Corporate Citizenship also conducted its own desk-based research and analysis of the data provided.

The data presented within this report is based on internal financial and management information provided by key personnel within G4S and has not been audited by Corporate Citizenship.

A detailed methodological note on our approach to estimating total economic impact and employment is available in the Appendix.

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Executive summary

G4S is a leading global, integrated security company. With a large established market in the UK, the company delivers services and initiatives that impact the local economy and society. This report's assessment focuses on G4S' following impacts across the UK:

Direct impacts of company operation: economic value added through the operation of G4S' business, including GDP impacts, employment, taxes, investment, etc.

Indirect impacts through the value chain: income and jobs supported through procurement spend with suppliers.

Induced impacts: multiplier effects created as wages are spent in the wider economy, leading to increased consumption and employment.

Wider impacts also result from the delivery of G4S' activities and the company's partnerships and social initiatives with societal stakeholders. These impacts are more difficult to quantify, but include G4S' contribution to security & safety, training, and innovation. Case studies throughout this report aim to demonstrate the broad range of such impacts.

Socio-economic impacts in the UK In 2018/19

Contributor to economic growth

- G4S' direct contribution to the UK economy in 2018, measured in terms of gross value added (GVA), was £981 million. Over 70% of the GVA created by G4S was distributed to employees as wages and salaries. A further 10% was paid to the UK government in the form of direct tax payments.
- G4S' overall impact on the UK economy in 2018 is estimated at £1.65 billion (direct, indirect and induced impacts). Security Solutions created the most economic value (£862m), followed by Care & Justice Services (£457m) and Cash Solutions (£338m).
- G4S' total contribution to public finances (tax, employer benefits, business rates and other taxes) are estimated at £543 million, including: £87.6m paid in direct taxes; £317.5m collected in VAT and employment taxes on behalf of the Exchequer; £137.9m estimated via indirect and induced employment.
- G4S spent a total of £222.5 million with UK-based suppliers in 2018.

Employer and investor in skills & development

- G4S directly employed over 28,300 people across the UK in 2018, in a variety of full-time and part-time roles. This makes G4S one of the top 250 employers in the country.
- In total, G4S' direct employment equates to 15,360 full-time equivalent (FTE) jobs in 2018.
- Nearly half of G4S' total headcount was employed within the Secure Solutions Division.
- England and Wales account for about 80% of G4S' direct UK employment, with a further 15% in Scotland and the final 5% in Northern Ireland.
- The ratio of headcount to FTEs is greatest in Northern Ireland, Scotland and the North of England, indicating that a greater proportion of G4S staff in these areas are on part-time contracts.
- Including indirect and induced effects, G4S' UK employment impact in 2018 is estimated at over 26,400 FTE jobs. This includes an estimated 12,586 created by Security Solutions, 6,280 by Care & Justice Services and 7,297 by Cash Solutions.

Significant government & business partner

- G4S is among the top 30 suppliers to the UK government with contracts worth over £145 million in 2018/19.
- G4S has been recognised for its efforts to improve conditions within prisons that it operates such as Oakwood and HMP Parc.
- G4S has proven to be a trusted and collaborative business partner in securing and otherwise enabling large-scale projects such as at Hinkley Point, the Thames Tideway Tunnel and the Rosyth Dockyards in Scotland.

Enabler of safer, more secure environments

- G4S has initiated programmes such as Invisible Walls Wales at HMP Prison Parc, which has reduced unemployment and drug and alcohol misuse rates for ex-prisoners and improved school attendance rates for their children.
- In 2018, G4S was awarded 'Security Initiative of the Year' for its university campus security approach ensuring the safety of over 27,000 students and 3,000 employees at Coventry University.
- G4S has enabled police services such as the Lincolnshire Police to focus on policing while G4S provides the support services with projected annual savings of £6 million for Lincolnshire Police.

Innovator & raising standards for the industry

- G4S has proactively developed new standards and training programmes to ensure effective delivery of key contracts.
- G4S is actively exploring new technologies (such as drones and body cameras) to improve service delivery.
- For the second time, G4S was awarded Communicate magazine's 'best online report' award for its 2018 Integrated Report, reflecting efforts for greater disclosure quality and transparency.
- At Hinkley Point (see case study) G4S was able to repurpose its guard control software, saving EDF an estimated quarter of a million pounds.

G4S Key Socio-Economic Impacts: UK

FINANCIAL INFORMATION 1

£1.2bn

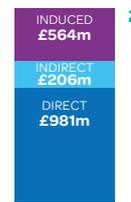
Revenues achieved in 2018



OVERALL ECONOMY IMPACT 2

£1.7bn

impact on the UK economy



1. G4S UK achieved revenues of £1.2 billion in 2018 providing services across two main business divisions: Secure Solutions (encompassing Security Solutions and Care & Justice Services) and Cash Solutions.

2. G4S' overall impact on the UK economy in 2018 is estimated at £1.65 bn (direct, indirect and induced impacts). Security Solutions created the most value (£862m), followed by Care & Justice Services (£457m) and Cash Solutions (£338m).

GROSS VALUE ADDED (GVA) 3

£981m

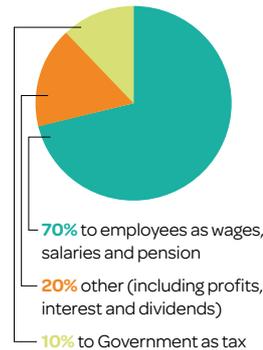
direct contribution to the UK economy in 2018



GVA DISTRIBUTION 4

70%

of G4S GVA went to employees as wages and salaries in 2018



3. GVA is defined as revenues minus the cost of inputs and raw materials and is a measure of a company's contribution to GDP.

4. G4S' GVA is distributed to a range of stakeholders. In 2018, over 70% went to employees as wages and salaries and 10% was paid to the UK government in direct tax payments.

GOVERNMENT & BUSINESS PARTNER 5

TOP 30

supplier to the UK government



CONTRIBUTION TO PUBLIC FINANCE 6

£543m

total contribution to UK public finances

Employment taxes associated with induced and indirect employment

taxes collected by G4S (including employment taxes and VAT)

Direct taxes paid by G4S (Including corporation tax, employer's NI, Business rates)



5. G4S is among the top 30 suppliers to the UK government with contracts worth over £145 million in 2018/19.

6. G4S' contribution to public finances in 2018 is estimated at £543 million, including: £87.6m in direct tax paid; £317.5m collected in VAT and employment taxes; £137.9m estimated via indirect and induced employment.

SPENDING WITH UK-BASED SUPPLIERS 7

£2223m

spent with UK-based suppliers



7. G4S spent a total of £222.5 million with UK-based suppliers in 2018.

8. G4S employed over 28,300 people in the UK in 2018, in a variety of full- and part-time roles making it one of the top 250 UK employers. Including indirect and induced effects, G4S' UK employment impact in 2018 is estimated at over 26,400 FTE jobs. This includes an estimated 12,586 created by Security Solutions, 6,280 by Care & Justice Services and 7,297 by Cash Solutions.

EMPLOYMENT IMPACT 8

28k

people directly employed across the UK in 2018

DIVERSITY 9

3.1%

2018 overall average pay gap



INVESTING IN PEOPLE 10

400

people across the UK taking part in apprenticeship programmes



9. In 2018 G4S' average pay gap in the UK was significantly lower than the UK average (3.1% compared to 17.9%).

10. G4S has over 400 employees in apprenticeship programmes in the UK. G4S sees these as key to developing a skilled future workforce offering young people an alternative route to employment.



Key economic and employment impact analysis

1.1. Contributor to economic growth

Business overview

G4S' UK operations comprise two broad business divisions: Secure Solutions (encompassing Security Solutions and Care & Justice Services) and Cash Solutions. Together, these businesses employ over 28,000 people in the UK and achieved revenues of £1.2 billion in 2018. Beyond the UK, the company has operations across more than 90 countries, with over 500,000 employees, and total revenues of £7.3 billion in 2018.

Through its operations G4S' businesses deliver a broad range of key services that can achieve significant social, economic and environmental impacts in the communities in which it works. A primary impact is in the economic value that G4S creates. This section outlines the different levels of socio-economic impact generated by G4S ranging from its direct gross value added to the wider multiplier effects throughout the economy.

Creating economic value

Direct impacts

G4S' direct contribution to the UK economy in 2018, measured in terms of gross value added (GVA), was £981 million. GVA is defined as revenues minus the cost of inputs and raw materials, and is a measure of a company's contribution to GDP. Security Solutions is responsible for over half of this impact (£513m), with Care & Justice Services and Cash Solutions accounting for 28% and 21% respectively.

This value created by G4S is distributed to a range of stakeholders. In 2018, over 70% of the GVA created by G4S was distributed to employees as wages and salaries. A further

10% was paid to the UK government in the form of direct tax payments (see next page, Contributing to public finances).

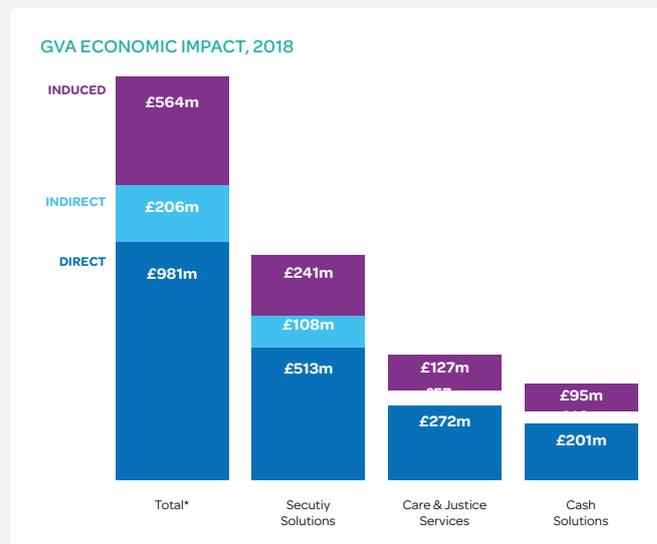
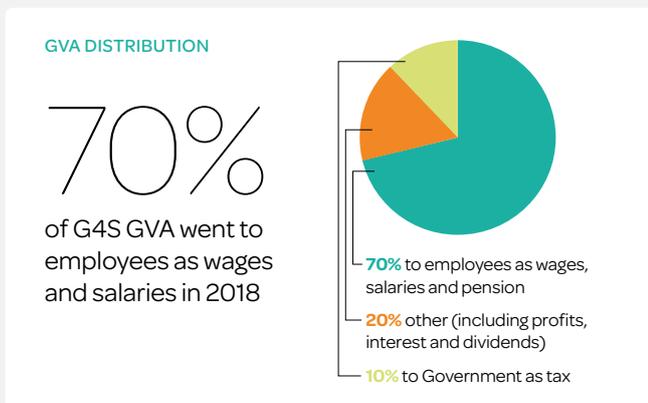
Wider impacts

G4S' direct economic contribution is multiplied through the UK economy. Specific multipliers have been calculated for G4S through the manipulation of input-output tables published by the UK Office for National Statistics and the Scottish government (see Appendix).

As a labour-intensive business, G4S' indirect impacts through suppliers are relatively small – for every additional £1 of direct GVA created by G4S, we estimate that an additional impact of 21p is created indirectly. G4S' induced impacts in the wider economy are significantly greater, accounting for an additional 47p of impact.

Using these multipliers, G4S' overall impact on the UK economy in 2018 is estimated at £1.65 billion. Apportioning the impact shows that Security Solutions creates the greatest economic value, followed by Care & Justice Services and Cash Solutions.

G4S' **employment** impacts throughout the economy, including indirect and induced employment, are estimated in **Part 2**.



* Total figures also reflect regional management costs so will not equal the sum of sub-totals provided for business divisions or units

Contributing to public finances

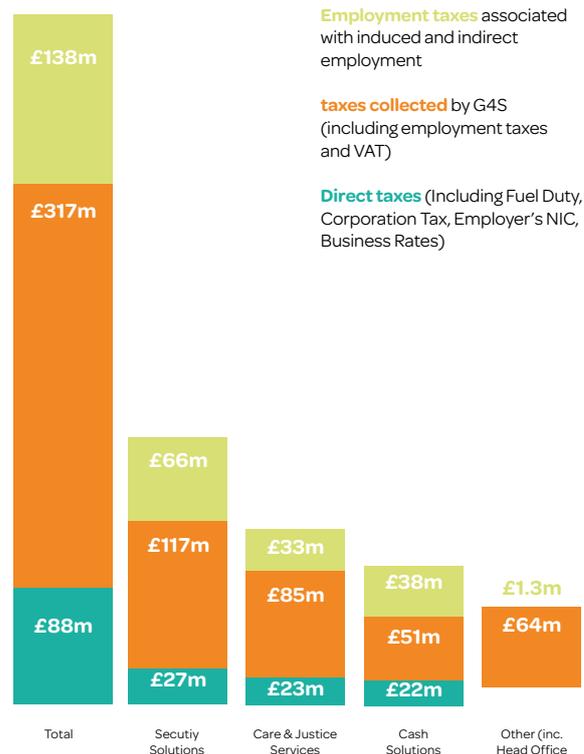
G4S makes direct contributions to the UK Exchequer through its payment of corporation tax, employer National Insurance contributions, business rates and other taxes. G4S also collects PAYE and National Insurance contributions from employees, and VAT payments from customers.

In total, G4S' total tax impact in 2018 is estimated at £543 million.

Spending with suppliers

G4S spent a total of £222.5 million with UK-based suppliers in 2018, creating significant economic value. The employment impacts of this spending are estimated in section 2.

UK TAX IMPACTS (£M, 2018)



2018 supplier spending

	Regional Management	Security Solutions	Care & Justice Services	Cash Solutions	Total
Energy	£0.1m	£7.9m	£11.5m	£9.8m	£29.2m
Employment agencies	£0.6m	£23.3m	£4.0m	£0.2m	£28.0m
Goods and raw materials	£0.0m	£6.3m	£15.8m	£3.9m	£26.1m
Plant, machinery and vehicles	£0.2m	£6.6m	£2.2m	£3.4m	£12.5m
Subcontractors	£0.2m	£4.8m	£0.0m	£5.4m	£10.3m
Computer related services	£1.7m	£1.7m	£3.6m	£1.9m	£8.9m
Insurance	£0.0m	£2.5m	£2.5m	£2.1m	£7.2m
Road transport	£0.0m	£3.4m	£1.8m	£0.6m	£5.8m
Water	£0.0m	£0.2m	£2.4m	£0.1m	£2.7m
Telecommunication services	£0.1m	£1.1m	£0.9m	£0.5m	£2.6m
Sewerage and waste disposal	£0.0m	£1.1m	£0.7m	£0.4m	£2.2m
Advertising and marketing	£0.1m	£0.9m	£0.3m	£0.1m	£1.3m
Other (Inc. healthcare and education services, equipment, maintenance and professional services)	£1.7m	£59.3m	£24.2m	£0.4m	£85.7m
Total	£4.6m	£119.2m	£69.9m	£28.7m	£222.5m

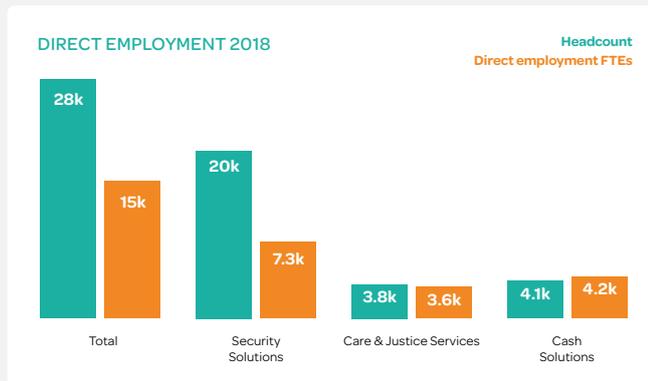
1.2. Major employer and investor in skills & development

Overview

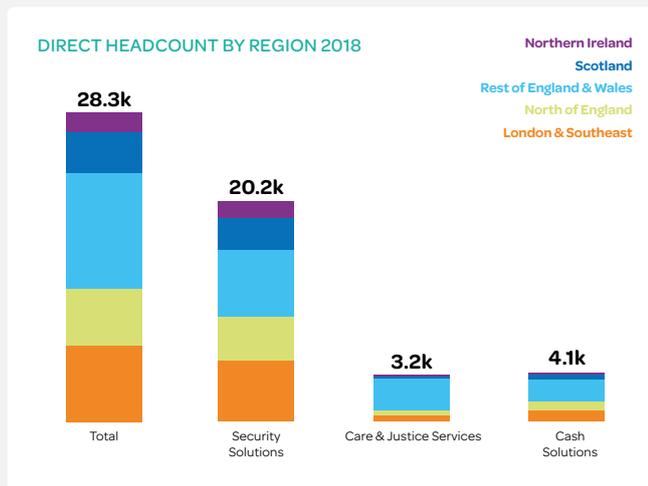
G4S employs approximately 28,300 people across the UK. This makes it among the largest 250 employers in the country¹. It also has further indirect and induced employment impacts in the wider economy through its own spending with suppliers and the spending of wages by its employees. G4S also has the potential for wider impact through the way that it engages with, recruits and trains its employees.

Providing employment

G4S directly employed over 28,300 people in the UK in 2018, in a variety of full-time and part-time roles. This equates to 15,360 full-time equivalent (FTE) jobs.



Nearly half of G4S' total headcount is employed within Secure Solutions Division, which also employs by far the greatest proportion of part-time and zero-hour contract workers, resulting in a headcount nearly seven times greater than the FTE figure.



The majority of G4S' UK employees are in England and Wales, accounting for about 80% of G4S' direct UK employment. A further 15% are in Scotland, and the final 5% are in Northern Ireland.

The ratio of headcount to FTEs is greatest in Northern Ireland, Scotland and the North of England, indicating that a greater proportion of G4S staff in these areas are on part-time contracts.

Supporting wider employment

G4S has significant employment impacts throughout the UK economy. **Indirect** employment is created through spending with suppliers, while further **induced** employment is created as wages are spent in the wider economy.

In total, G4S' employment impact across the UK in 2018 is estimated to exceed 26,400 full-time equivalent jobs.

The input-output tables published by the Scottish government allow us to calculate how much of this impact was felt in Scotland². This results in an estimate of 1,765 jobs supported in Scotland.

Employment impacts (FTEs)	Scotland	Rest of UK	Total
Direct employment	1,483	13,877	15,360
Indirect employment	89	4,058	4,147
Induced employment	193	6,719	6,912
Total employment impact	1,765	24,654	26,419

¹ Enterprises in the UK by employee size band, ONS, April 2019

² Additional assumptions are made regarding imports from the rest of the UK – see Appendix.

Wider employment impacts

In addition to its overall impact on UK employment, G4S has initiated or undertaken a range of activities within its operations that are delivering, or have potential to achieve, wider social impact, they include:

i. Addressing diversity

G4S is actively monitoring and measuring gender diversity. It has published two **gender pay gap** reports. In 2018 the company's overall average pay gap for employees in the UK was significantly lower than the UK national average (3.1% compared to 17.9%). The remaining gap is due mainly to the security sector being historically largely male-orientated with few women attracted to the security work and even fewer reaching senior roles (where levels of pay are higher).

The overall gender breakdown is 69.9% male to 30.1% female. G4S has committed to a range of actions (including unconscious bias training, sponsoring talented females and sharing role models) to address this imbalance and improve the diversity of its workforce in other aspects.

ii. Investing in skills and development

G4S has over 400 employees across the UK taking part in **apprenticeship** programmes covering a variety of topics including traditional subjects such as Management, Customer Service or Business Administration, and more specialist ones such as Health & Social Care and Intelligence Analyst. These are recognised in the business as a key element to developing a skilled workforce of the future and offer alternative routes to employment for young people in the community

G4S has also instigated new approaches to skills development as evidenced by the **Enhanced Security Office Standard** developed through the Hinkley Point contract (see case study)

iii. Local recruitment

G4S supports the regions in which it operates by employing locally and offering training to be able to do so. An example is the Hinkley Point project (see case study) where G4S employs about 280 people at site of which 99% are from local population.

iv. Systems and procedures

G4S has shown to be committed to ethical employment practices. Positive initiatives include putting in place human rights risk assessments and mitigation processes that go beyond its business and partners, to increasing engagement with suppliers to ensure they are also complying with international human rights standards.



Generating wider social impact

This assessment identified several initiatives and working practices employed within G4S that do, or have the capacity to, deliver positive social impact and which offer the potential to be replicated and therefore add greater value. These initiatives can be broadly grouped within the following impact areas:

- Significant government & business partner

- Enabler of safer, more secure environments
- Innovator & raising standards for the industry

Each impact area is covered in more detail below along with illustrative case studies of how these impact areas and/or G4S' employment impacts are demonstrated in practice.

2.1 Significant government & business partner

G4S' operations provide services that enable or enhance their customers' ability to focus on their core activities. It is active in a diverse range of areas in both private and public sectors, ranging from entertainment to health and from ports to prison services. This assessment has evidenced numerous examples of G4S collaborating with its customers in innovative ways to generate greater social impact, such as through developing new technology that improves transparency, efficiency and accountability in service delivery, creating new standards for security to meet heightened risks or, implementing prisoner rehabilitation initiatives.

Strategic partner to government

G4S is an established provider of complex and sensitive Government services. It is among the top 30 suppliers to the UK Government with contracts worth over £145 million in 2018/19³. G4S offers strategic services to a range of departments and agencies, both domestically and abroad, and so has a significant role to play in enabling the government to meet its responsibilities.

G4S' contracts extend beyond the provision of standard security services to encompass the care and support of sensitive groups such as prisoners or asylum seekers. Also, through the provision of catering, facilities management and healthcare services it also supports the operation of key public services such as NHS facilities and education establishments.

G4S is contracted to manage four UK prisons. Through these contracts it works in partnership with the government and other key organisations in the community to innovate the provision of its services to achieve greater social impact.

One example is its work at HMP Parc to support family-focussed reform. The case study (right) shows how this initiative has directly impacted unemployment and drug/alcohol abuser rates among ex-prisoners among other positive impacts.

Another example is its work at HM Prison Oakwood, which is one of the largest prisons in England, holding just over 2,000 prisoners with over 60% serving sentences of four years or more. G4S has been recognised for the development of a peer support system that has contributed to a culture of decency and respect. In addition, many prisoners at Oakwood have obtained mentoring and coaching qualifications whilst at the prison, while the Basic Intervention Group has supported over 2,500 other prisoners through a range of activities and interventions designed to change their mind-set about their behaviour.

IMPACT CASE STUDY

HMP Parc, Invisible Walls Wales

Impact areas

Significant government & business partner | Enabler of safer, more secure environments | Innovator & raising standards for the industry

Overview

G4S has a 25-year contract to manage HMP Parc in Bridgend, South Wales. The Invisible Walls Wales (IWW) project is an innovative family-support programme developed and implemented by G4S at the prison. The programme aims to reduce the number of prisoners reoffending, cut the risk of intergenerational offending and improve the quality of life and community inclusion for families.

Recognising that connections to family are an important element in the successful rehabilitation of offenders, the programme works with the families of prisoners who are experiencing difficulties. Each prisoner taking part in the programme is allocated a mentor, who also works together with the prisoner's family, children, partners and parents, to help sustain and rebuild connections. The programme opened a new family intervention unit at HMP Prison Parc and shifted the management of prison visits to be overseen by rehabilitation, rather than security.

The delivery

Launched in 2012, the project secured funding from the Big Lottery to deliver the programme in partnership with Barnardo's Cymru. Whilst working closely with partners such as local authorities, charity partners such as Barnardo's Cymru, and the University of South Wales, G4S says that it is crucial to the success of the programme that "G4S retains accountability and ownership of what we're doing."

Evolution of the project

In 2019, the project evolved to extend support for the families of participating prisoners from up to a year prior to the prisoner's release, and for another six months following release, to a year after release as well. The programme has also extended to work in collaboration with Eastwood Park, where many female offenders are

3 Strategic Suppliers to the UK Government, Tussell, September 2019

based. This enables IWW to support families in situations where there may be a parent based in each of these prisons. Looking forward, the programme is focused on integrating the work of the family intervention unit across G4S's four prisons in England and Wales, to bring together collective strengths and innovations.

Impact

A study by G4S has found that, during its first five years, the project has helped to:

- Reduce unemployment rates for prisoners from 80% to 25% and for their family members reduced unemployment rates from 69% to 46%.
- Increase prisoners' engagement in education, training, or volunteering from 0% to 10% and for their family members, from 2% to 14%.
- Decrease the number of prisoners' children experiencing attainment or attendance issues at school from 43% to 12%.
- Halve the number of prisoners' children considered by social services to be "at risk", from 16% to 7%.
- Reduce the number of prisoners that were misusing alcohol and/or drugs from 89% to 20%, and for their family members reduce the number from 15% to 5%.
- The wider impacts of the programme have exceeded expectations; families of participants have seen improvements in school attendance, wellbeing and performance at school, and social isolation.

Influence

The model has been influential on criminal justice policy at the national and international level. Traditionally, family

work in prisons was not part of the core responsibilities of the prison manager. Today, prisons in the UK are required to produce a family and rehabilitation strategy.

"IWW has been an exceptionally successful project, which has had a positive impact on the lives of participating prisoners and families, and has the potential to have a major effect nationally (and even internationally) on thinking, policy and practice regarding the children and families of prisoners"

– University of South Wales

Trusted business partner

Major business customers

The majority of G4S' revenue comes from working with the private sector. G4S is recognised as an expert in providing security solutions ranging from offering qualified security officers to implementing leading-edge security systems. However, it also provides a wider range of services covering facilities management, logistics and other key functions.

The **Hinkley Point** and **Rosyth Dockyards** case studies (see p13 and p15 respectively) show how G4S aims to develop trust-based partnerships by collaboratively developing and implementing flexible and innovative ways to best deliver on customer needs.

Hinkley Point is one of the UK's largest construction projects and G4S has developed new ways of working with its customer, EDF, to enable the project to achieve greater socio-economic impact.



IMPACT CASE STUDY

G4S and Hinkley point

Impact areas

Significant government & business partner | Enabler of safer, more secure environments | Innovator & raising standards for the industry | Investor in skills & development

The situation

Hinkley Point is one of the UK's largest construction projects, where a consortium headed by EDF is building two new nuclear reactors to provide low-carbon electricity for around six million homes. G4S employs approximately 280 people at Hinkley Point across a wide range of roles from security to logistics to risk and traffic management. A key objective for all involved in Hinkley Point is to realise wider benefits in terms of: "economic growth, sustained employment and enhanced skills provision both for the UK and the South West"⁴.

The approach

The G4S team on-site has developed new ways of working with EDF to enable the project as a whole to achieve greater socio-economic impact. These include:

1. Trusted business partner

G4S has developed a 'One Team' approach with EDF, based on trust, openness and transparency. Together, they focus on the following goals: Achieve zero harm; Maintain regulatory and legal compliance; Solve challenges working as 'One Team'; Encourage innovation and better ways of delivering effective security; Deliver mutual support and encourage open dialogue, and; Plan ahead to prevent surprises. This way of working has the potential to be replicated in other contracts and be followed by other contractors. G4S has had visits from other businesses who want to replicate it and do things differently on other sites.

2. Investor in employment and skills

At Hinkley Point, G4S:

- Employs approximately 280 people on site
- 99% are from the local population
- Delivers around 39,000 working hours per month

Beyond these numbers, G4S manages the contract and supports activities with its employees and beyond in order to maximise its social impact. These include:

- **Local knowledge:** G4S has a site-management team based at Hinkley which gives them the ability to further engage with the local community.
- **Recruitment:** G4S takes proactive steps on local recruitment, such as offering training and employment to employees of companies that have gone into liquidation.
- **Skills and employability:** G4S has a policy that

anybody who joins the project leaves better qualified. All G4S officers receive City and Guild level 3 training certification within 6 months of joining the scheme, for example.

- **Health and wellbeing:** G4S has an occupational health provider, a health committee and support from an external provider on site to champion health and wellness. It also has a focus on mental health support for employees.
- **Education:** G4S employees actively support schools and education through CV workshops and other schools-based activity.

3. Innovator and raising standards

The delivery of the contract and the working relationship has led to several innovations and service improvements, including.

- **Enhanced security:** To meet the needs of a major national infrastructure project like Hinkley Point, the G4S risk-management team on-site developed the Enhanced Security Officer Standard. About 300 people have been through the training.
- **Repurposing technology:** G4S has been able to repurpose its guard control software to help EDF manage vehicles coming on site. This saved EDF an estimated quarter of a million pounds.
- **Risk and site management:** G4S has deployed Risk 360, a location-based notification system that can be used for tasks from environmental management and reporting to on-site population statistics.

The Influence

Overall, G4S has a holistic approach where it is not just delivering a service to a set specification but working in partnership with a client to achieve wider goals and social impact. It includes several best-practice elements that can be applied or replicated at other contracts either within G4S or the security and facilities management sectors more generally.

4 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725960/HPC_Benefits_Realisation_Plan.pdf

2.2 Enabler of safer, more secure environments

G4S' security services help to mitigate the risk or impact of criminal behaviour and to create safer communities. A key focus of its Care & Justice Services business unit is confronting and addressing offender behaviour and working towards their rehabilitation and positive reintegration in the community.

Safe and secure communities

Security and training on university campus

G4S is responsible for ensuring the safety of thousands of students and employees on university campuses in the UK.

At **Coventry University** 27,000 students and 3,000 employees benefit from G4S' approach to campus security. Up-to-date training allows the security programme to continuously evolve with up to 400 hours of training provided every month. To increase preventative measures and limit security risks, advice on personal safety is provided to students and staff through roadshows, focus groups and alongside regular security and drinking awareness sessions.

In 2018, G4S was **awarded** 'Security Initiative of the Year' by the Association of University Chief Security Officers (AUCSO), which is the primary association for Security Professionals working in Universities across the globe.

Security solutions on large-scale construction sites

The Hinkley Point and Rosyth Dockyards case studies (p13 and p15) show how G4S works on keeping large-scale construction sites safe. Another example is London's **Thames Tideway Tunnel** construction site; a £4.2 billion, 25km super-sewer designed to prevent millions of tonnes of raw sewage spilling into the River Thames each year. To ensure a high-quality service across all sites training and development is promoted including provision of Construction Skills Certification Scheme qualifications. To guarantee people's safety, G4S works closely with the contractors to increase security measures and improve access control across the sites' office accommodation.

Securing events and crowds

G4S is responsible for safety and security at a wide range of sporting and entertainment events enabling major social gatherings to take place (examples include Foo Fighters at Murrayfield, The Ashes at Edgbaston, The Open golf at St Andrews and Taylor Swift in Hyde Park). G4S' event support extends beyond sport and entertainment to also enable other major events such as NATO summits. G4S demonstrates that in supporting such events it adapts and tailors services to meet the specific needs and circumstances of each one. For example, in providing event security to the Isle of Man TT races, G4S applied a seven step 'Effects Based Security Design', which uses military based planning techniques to address key questions that enable it to best identify threats, allocate resources and manage information to develop a bespoke service specific to the needs of the event.

Supporting the criminal justice system

Supporting policing services

G4S provides support services that enable police forces to focus on policing. For example, the bulk of the Lincolnshire Police Force's organisational services have transferred to G4S, which has achieved cost-savings projected to deliver annual savings of £6 million.

Reform and service development in prisons

As detailed under section 2.1 above, G4S has been responsible for a range of initiatives to increase safety and improve culture in prisons.

Supporting Government operations abroad

G4S delivers specialised security services to support the operations of UK Government agencies abroad. Its embassy security services, for example, protect the employees, facilities, equipment and residences of Diplomatic Missions. In addition, G4S' service provision often has wider impacts on the societies in which it operates, particularly in fragile states. In Sierra Leone, for example, G4S' fleet services to the Department for International Development enabled the provision of essential healthcare services to communities during the Ebola crisis.



IMPACT CASE STUDY

G4S and Rosyth Dockyards

Significant business partner | Enabler of safer, more secure environments | Investor in skills & development

The situation

G4S works closely with defence and maritime engineers, Babcock, to manage and secure eleven different sites across the UK. The largest of these, Rosyth Dockyards in Fife, Scotland, is home to one of the largest waterside manufacturing and repair facilities in the UK. G4S has worked closely with Babcock to provide security and emergency medical support at Rosyth Dockyards since 2003.

The approach

Significant employer and investor in skills & development

G4S has 42 core staff based permanently at Rosyth Dockyards, who work in shifts to provide around the clock security coverage.

- **Recruitment:** G4S has a significant impact on employment in the Rosyth area and often hires new staff from the nearby Fife College Rosyth Campus.
- **Future initiatives:** In 2020, G4S plan to launch an apprenticeship scheme to recruit more office staff and junior management roles from the local area.
- **Skills and employability:** G4S staff receive extensive training in a variety of different areas.
- **Emergency Response Team:** In response to an increase in contracts requiring an Emergency Response Team (ERT), G4S decided to invest in the upskilling of all staff with the ERT qualification.
- Progression opportunities within G4S enable officers to progress from entry-level to senior positions.

2. Trusted business partner

Since 2003, the G4S and Babcock teams have worked in close partnership to safeguard ports for both commercial ship building and the ministry of defence.

- **Agile supplier:** Crucial to the success of the partnership has been the ability of G4S to adapt to Babcock's changing needs, where the need for confidentiality around a highly sensitive defence project and a sophisticated and intelligent security solution were essential.
- **Working together:** G4S and Babcock teams work closely to ensure open communication and coordination. At Rosyth Docks, G4S and Babcock teams share office space to enable integration between the management teams.

The influence

G4S has developed a close working relationship with Babcock at Rosyth Docks. In providing security to one of the largest waterside manufacturing and repair facilities in the UK, it has, in turn had a significant impact on safeguarding jobs and local industry.

2.3 Innovator and raising standards for the industry

Advances in technology, such as cloud and artificial intelligence, are influencing the development of solutions by G4S to deliver services. Examples of how G4S is looking ahead and investing in innovative security solutions include:

Technologies applied in the security sector

Drone solutions

G4S is currently working on several drone-related services to ensure the development of integrated solutions and supplement other security services. The usage of drones for various security tasks will develop in the coming years, and G4S is well positioned to work closely with drones and drone prevention technologies and solutions.

Cryptocurrency

Cryptocurrency exchanges are a fast-growing industry with the largest exchanges estimated to accommodate up to \$1.7 billion in trading volumes per day. The combination of the unique requirements of exchanges and the immaturity of the sector has made it a prime target for hackers and other criminals. G4S has taken the lead in developing innovative new services that help to protect crypto-assets.

Body cameras

G4S is using body cameras at managed prisons and detention facilities. The cameras build on initiatives to improve safety, including the deployment of lone worker devices, conflict resolution training, and information sharing and to date. The rollout of body-worn video cameras helps to meet moral and legal duties to take all reasonable steps to keep G4S' team safe and at the same time improve the quality and transparency of service.

Kiosks in prisons

In prisons the use of touch screen kiosks on wings is now being introduced across the whole prison state. These kiosks reduce administration costs and are popular with prisoners, as they give greater control over visit arrangements, food ordering and other personal matters.

Engagement in standards and initiatives

Commitment to main international sustainability principles and standards

G4S is a participant in and/or supporter of a wide range of initiatives that can enable it to better understand its impact in key areas and/or to improve its overall approach. They include:



G4S has been a signatory to the **UN Global Compact** since 2011. The UNGC sets out principles on human rights, labour, environment and anti-corruption to which businesses must align their strategies and operations.



Since 2009, G4S has reported to the **Carbon Disclosure Project (CDP)**. This helps to demonstrate a company's awareness of their greenhouse gas emissions, allowing for reduction targets to be put in place, as well as addressing risks & opportunities associated with climate change. In the latest CDP report, G4S achieved a score of (C), just below the sector average of (B-).



G4S has been independently assessed and included as a constituent of the **FTSE4Good** index series for the third year running. This inclusion recognises G4S' strong commitment to social responsibility and to sustainable business practices across the group.



G4S is assessed by **EcoVadis**, an independent organisation that provides evidence-based social responsibility ratings, covering labour & human rights, business ethics, supply chain, and environmental matters. In 2019, G4S was awarded a silver rating which recognised its ethical and sustainability performance.



G4S is a member of the **British Security Industry Association (BSIA)**, a trade association for the professional security industry in the UK with members responsible for more than 70% of privately provided UK security products and services (by turnover). BSIA recognizes achievements made by organisations in the areas of partnerships, environment, and innovation.

Awards and recognition

G4S received the following awards:

Communicate For the second time, G4S was awarded the highest accolade in the 'best online report' category for the G4S Integrated Report 2018. This recognized G4S' drive to continuously improve its annual report. The Corporate & Financial Awards are hosted by Communicate Magazine in London and recognises companies that set the benchmark for corporate communications.



G4S was the FTSE250 category winner of the Most Effective Integration of ESG award at the IR Society's Best Practice Awards demonstrating "evidence of a

year-round communication approach to investors that provides insight into how sustainability and environmental, social and governance (ESG) risks and opportunities are identified, understood and proactively managed and measured".



G4S has been shortlisted as the national finalists in the security personnel-focused in several categories for the **British Security Awards**. The BSA celebrate excellence in security both regionally and nationally, focusing on outstanding acts of bravery, customer service, teamwork, innovation and dedication to the industry. Recognized categories include 'Best use of technology', 'Outstanding Act', and 'Bravery'.



Conclusion

G4S provides integrated services to a wide range of organisations across the UK. The company is a strategic partner to the UK government – active within a range of departments and agencies – and is trusted by business partners to help deliver and contribute to important, large-scale projects.

Through the provision of these services, G4S makes a significant economic and social contribution to the UK. To put its economic contribution in context; G4S' total tax contribution alone is

equivalent to the annual cost of educating over 90,000 school children⁵ while its total GVA equates to almost half that of the London Borough of Barking and Dagenham⁶.

Additionally, it is clear that, through working practices and associated initiatives that G4S has developed, it is delivering a range of wider, positive social impact. G4S is encouraged to continue to look for opportunities to replicate, share or scale up such activity.

5 Institute for Fiscal Studies, 2019 annual report on education spending in England: schools

6 Regional, sub-regional and local Gross Value Added estimates for London, London Datastore



Appendix: Methodological note

This report seeks to quantify the economic impacts of G4S' activities in the UK, which fall within the following categories⁷:

- **Direct impacts of company operation:** economic value added through the operation of G4S' business, including GDP impacts, employment, taxes, investment, etc.
- **Indirect impacts through the value chain:** income and jobs supported through procurement spend with suppliers.
- **Induced impacts:** multiplier effects created as wages are spent in the wider economy, leading to increased consumption and employment.

Wider impacts also result from the delivery of G4S' activities and the company's partnerships and social initiatives with societal stakeholders. These impacts are more difficult to quantify, but include G4S' contribution to security, safety and infrastructure.

Case studies throughout this report aim to demonstrate the broad range of such impacts.

Economic multipliers

Multiplier effects have been calculated for this report through the manipulation of national and regional input-output tables (I-O tables). The multipliers calculated include both the Type I effect (direct + indirect) and Type II (direct + indirect + induced).

Economic and employment data from G4S has been used to map G4S' activities to the product-by-product I-O tables published by the UK Office for National Statistics (ONS) and the Scottish government. G4S operates across four principal industry groups, as represented in the I-O tables using the Standard Industrial Classification (SIC) codes:

Head office	Security Solutions	Care & Justice Services	Cash Solutions		
Regional Management	Security Solutions	Facilities Management	Care & Justice Services / Custodial & Detention Services	Health Services	Cash Solutions
70100 Activities of head offices	80100 Private security activities	81100 Combined facilities support activities	80100 Private security activities	86101 Hospital Activities	80100 Private security activities

To calculate the multipliers for G4S, a new row and column was created in the I-O tables, solely corresponding to G4S, and the remainder of the tables was balanced accordingly.

From this, a number of multipliers have been derived, which may be used to make estimates of the effects in the wider economy of an increase in G4S' output in response to an increase in demand. In each case, both Type I (direct+indirect) and Type II (direct+indirect+induced) multipliers are calculated.

- The **output multiplier** (which equals the output effect) is defined as the total of all outputs from each domestic industry required in order for G4S to produce one additional unit of output.
- The **income multiplier** shows the increase in compensation of employees that results from a change of £1 of income from employment in G4S, arising from the initial increase in demand.
- The **income effect** shows the impact on compensation of employees throughout the economy arising from a unit increase in final demand for G4S' output.
- The **Type I and II GVA multipliers** show the increase in GVA throughout the economy that results from a change of £1 of GVA in each industry.
- **GVA effects** show the impact on GVA throughout the economy arising from a change in final demand for G4S' output of £1. Where data on the level of employment (measured in full time equivalents, FTE) are available, employment multipliers and effects can also be calculated⁸.

- The **employment multiplier** shows the total increases in employment throughout the economy resulting from an increase in final demand which is enough to create one additional FTE employment by G4S.
- The **employment effect** shows the impact upon employment throughout the economy arising from a unit increase in final demand for G4S' output.

Results

All UK

The following table shows the estimates of multipliers and effects for the whole of the UK.

	Type I	Type II
Output	1.33	2.00
Income multiplier	1.16	1.41
Income effect	0.72	0.89
GVA multiplier	1.21	1.68
GVA effect	0.96	1.33
Employment multiplier	1.27	1.72
Employment effect	16.87	22.96

Scotland

The same set of multipliers and effects were estimated for Scotland. As would be expected, the values are lower than those for the UK as a whole.

⁷ Note that in each case, "impact" refers to G4S's gross rather than net impact. Displacement effects (i.e. labour, land and capital are used by G4S that would otherwise have been used by other companies) are not accounted for, as is usual for assessments of this nature.

⁸ The employment multipliers and effects are based on estimates made of UK FTE employment by product data using NOMIS data as the base.

The higher employment effects estimated for Scotland compared with those for the UK reflect two factors, namely the manner in which the UK employment base was calculated, and the relationships between labour inputs and product outputs, reflecting relative labour productivity in Scotland compared with the UK as a whole.

	Type I	Type II
Output	1.18	1.64
Income multiplier	1.12	1.31
Income effect	0.63	0.75
GVA multiplier	1.13	1.50
GVA effect	0.86	1.15
Employment multiplier	1.16	1.26
Employment effect	18.90	32.82

Rest of the UK

There is no official I-O table for the rest of the UK (defined here as all of UK minus Scotland). It was therefore necessary to estimate this table by subtracting Scotland from the UK I-O table⁹.

While these estimates are subject to a wider margin of error than the UK and Scotland estimates, they nonetheless appear reasonable when set alongside the UK and Scotland estimates. Note that employment multipliers and effects were not estimated as it was considered that too many assumptions would be required to make the estimates, in the absence of specific data from ONS.

	Type I	Type II
Output	1.32	1.99
Income multiplier	1.14	1.39
Income effect	0.71	0.89
GVA multiplier	1.18	1.63
GVA effect	0.97	1.34

Assumptions

The outputs of the analysis represent reasonable estimates of various multipliers and effects. However, the analysis has involved mapping the activities of one business in 2018 onto data recorded across the UK economy in 2015. This involves the critical assumption that the economy's underlying "technology" as it existed in 2015 continues to exist in 2018.

Similar considerations apply to the use of the Scotland I-O tables. For the Scotland analysis it was necessary to allocate G4S UK expenditure to Scotland. This was done using the ratio of Scottish to all UK compensation of employees as the scaling factor. This might over- or under-estimate actual expenditure that passes through suppliers based in Scotland.

The compilation of the estimated rest of UK table similarly relied on this basic assumption. Additional assumptions had to be made in order to arrive at a "UK minus Scotland" table.

For the UK analysis, it was assumed that imports are zero, which is in line with the information provided by G4S. For Scotland, assumptions were made on imports from the rest of the UK of major sources of procurement.

The estimation of employment effects and multipliers requires data on employment by product group, which is not published for either the UK or Scotland. The Scotland I-O tables include employment effects, and it was possible to work back from these and from the calculations used to estimate other multipliers to yield the underlying employment data.

ONS does not publish employment effects, so it was not possible to make estimates of employment multipliers and effects for the UK or for the rest of the UK using "official" employment data. By making some approximations and using data from NOMIS¹⁰, estimates of employment by product group were made for the UK as a whole; NOMIS data are for Great Britain, so a factor was applied to upscale to an estimate of UK employment have been used to provide order of magnitude estimates for the UK. Given the number of assumptions required to generate the employment estimates, it was considered inadvisable to extend this process to the estimation of employment multipliers and effects for the rest of UK.

Tax impacts

Tax contributions by indirect and induced employees was estimated using standard UK and Scottish Income Tax and National Insurance thresholds for 2018.

Indirect employment was apportioned by sector, using G4S' supplier spending, and average annual earnings for full-time employees have been taken from the ONS Annual Survey of Hours and Earnings (2018). For induced employment, the All Employee average was used.

9 The Scotland I-O table does not separate out non-market or not for profit transactions. Accordingly, it was necessary to re-allocate relevant products in the Scotland table to non-market categories.

10 The site for official labour market statistics. (NOMIS, 2019)





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