



Photo by Ray Tang/Rex Features/Installation: Reg(u)lating the Guards 2009 by Michael Elmgreen and Ingar Dragset

# Safe guards

The introduction of licensing for manned security in March is perceived as a threat by some security contractors and an opportunity by others, reports Michael Herson

**Under the Private Security Industry Act 2001**, all security officers, managers and directors of contract security companies have, as of March this year, to be licensed. Now that the law is enforceable, we interviewed five key players in the UK's top 20 manned-security companies to understand both their state of readiness and what impact they believe licensing will have on the sector in the future.

Many highlighted the Security Industry Authority's (SIA's) inability to process the high volume of late applications. 'I think a log-jam was inevitable,' says Darren Gamage, marketing manager of Initial Security.

'If we're really honest, the SIA has created that log-jam themselves by making the licence run from the date it's issued,'

explains Paul Trendall, commercial director of Carlisle Security.

Jonathan Levine, CEO of First Security, agrees but adds: 'It depends how ahead of the game you are. The best prepared companies have probably kept ahead.'

Leon Barwell, sales and marketing director at VSG, says: 'It was almost inevitable there would be a log-jam. I think the SIA should have anticipated that and should be geared up to deal with it. It's not particularly complicated, but the sheer volume of the data they have been receiving was always going to swamp them.'

Opinions differ on whether the guard or the company should pay for the licence, but all five companies agree that the costs should be borne by the customer in an industry where

margins have always been wafer thin. The reasoning is that the customer is the ultimate beneficiary of licensing.

First Security's Levine is bullish on this point: 'We've a lot of blue-chip customers, and they have said, "Yes, we are prepared to pay for that." We've only asked to cover the costs – no more, no less.'

VSG's Barwell adds: 'Every single one of our customers has agreed to pay for licensing.'

## STAFF SHORTAGES AND TRAINING

The introduction of licensing means that an industry already beset by labour shortages now faces the prospect of a further shake-out, which has stimulated companies such as Carlisle Security to recruit in eastern Europe.

However, Initial Security's Gamage sees the new regulations as providing a market opportunity. 'It gives you the rationale and the motivation to train people,' he explains. Initial has taken this a step further and set up the Central Academy of Security Excellence (CASE), a dedicated training academy open to all external guards, not just Initial employees, which runs as a standalone business.

'CASE will be a way of assisting those companies who need to get through the regulation process. We're also looking at training our customers' own staff. We're raising the standard of the whole sector,' says Gamage.

## APPROVED CONTRACTOR SCHEME

When the Act was introduced, it made provision for a voluntary Approved Contractor Scheme (ACS), which is likely to deliver a commercial advantage to those companies which achieve accreditation. That's because it permits them to operate with up to 15 per cent of their guards unlicensed, provided they are not in contact with vulnerable groups, such as children and the elderly. Some feel the SIA will relax these thresholds and allow companies to operate with a higher percentage of unlicensed guards.

Douglas Greenwell, marketing director of industry leader G4S, believes the new legislation is likely to impact on the number of companies operating in the sector. He says: 'If we say the top 20 suppliers by value occupy 70 per cent of the market, the landscape will change. I'd be surprised to see much further consolidation in the top 20 major players. But in the 2,000 or so remaining smaller competitors, there will be some casualties. Most of these will be people shutting up shop because it's just too complicated, too much red tape, and they

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can't attain the value they had before.'

Levine believes the UK total of 2,000 security companies could fall to 200 or 300 in the next two to three years as the costs of ACS will prove prohibitive to some. Carlisle Security's Trendall is not quite so pessimistic: 'People say it'll go from 2,000 to 1,000. I don't think so, but it may go from 2,000 to 1,500.'

Companies are striving to create new sector opportunities, and Carlisle Security sees potential in taking on some of the routine tasks associated with traditional policing. 'We've just launched a crime-scene security product where you actually secure the crime scene,' says Trendall. 'We turn up with the police and investigation team, we secure the crime scene, and we man the cordon.'

There is clearly mileage to be gained from moving into areas concerned with security services rather than just manned guarding. This changes the balance of the offering between pure security and customer service. An example would be shopping malls, where a security company will look at a client's site in a holistic way to identify a strategy that brings together the best use of manpower, technology and physical measures

### Further Information

The Strategy Works is a strategic marketing consultancy specialising in original business research and the enhancement of B2B sales processes in the UK and Europe. Contact: MD Michael Herson, on 020 8868 0212 or mherson@thestrategyworks.com. Website: www.thestrategyworks.com.



Both Leon Barwell (top), of VSG, and Carlisle Security's Paul Trendall (above) highlight the log-jam of ACS applications at the Security Industry Authority since the introduction of licensing earlier this year

to deliver effective service to customers.

Barwell confirms VSG is going down this road: 'We've invested more than £3m in building a new head office facility with a state-of-the-art remote-monitoring centre. We have strategic supply relationships with hardware suppliers, and we're taking solutions to customers which incorporate all elements.'

## CONCLUSION

The Private Security Industry Act was passed in 2001, so the security industry has had a five-year bedding-down period to prepare its response. Now that the deadline has arrived, for many observers, licensing is just a process of trying to formalise some of the systems and procedures that already exist as 'best practice' within the industry.

It may turn out that like all markets that have undergone regulation, this catalyst will eventually prove to be to the long-term benefit of both the customer and the surviving operators **fm**