

The changing face of security guarding

Contributed by Stuart Lowden, Wilson James, 2006

The licensing of security officers will change the face of the industry in many ways. Guarding companies that wish to thrive in this new marketplace will have to adapt, moving away from labour supply to more rounded security solutions. 20 March 2006 saw the licensing of security officers in England and Wales becoming law. From that date it became illegal to work as a private security guard or to carry out security functions, even on occasional basis, without a licence. It also became illegal to employ and deploy staff that did not possess a licence, though special dispensations existed for staff employed by companies registered on the Approved Contractor Scheme (ACS).

On 20 March many of the security companies in the country, probably 1,500 out of approximately 1,700 that are believed to exist, delivered an illegal service and left their clients exposed. At that date there were many FM companies and multi-service providers committing the same offence, perhaps in the mistaken belief that they delivered an in-house service and were therefore exempt from the regulation.

The industry regulator, the Security Industry Authority (SIA), has teams of inspectors out on the ground and these teams are serving improvement notices on staff and employers, the first step in the route towards prosecution. There are tales of staff without licenses being sent home and businesses closing rather than face prosecution. The more enlightened clients have been keeping a close eye on the licensing process and have already started to switch contractors in favour of those holding ACS status.

But once this early turbulence has passed, what long-term changes will we see?

The long-term impact of licensingThe impact of licensing on an organisation, whether buyer or supplier, will be dictated by a combination of factors, some that will be industry-wide and some that will be very localised.

Industry-wide pressures

Irrespective of where in the country one operates, or the style of service being provided, the following will apply:

- Because of the time taken to license staff, suppliers will no longer be able to supply short-term cover very easily. Forward planning will become a priority and ad hoc cover prices will rise dramatically.
- Recruitment of staff will become much more difficult, with applicants holding a licence given first priority, applicants with easily checked background second and so on. The cost of the recruitment process will probably double, with 'bounty payments' to new starters becoming more common.
- Staff holding a licence will see their value rising and will seek out better pay and better working conditions.
- Retention of staff will become a priority and employers will need to adjust their employment practices and management structure to recognise this.

Local factors

These industry-wide pressures will be exaggerated or diluted by certain local issues, including:

- The levels of unemployment in the local area - where unemployment is high and alternative jobs scarce, the impact of licensing will be diluted. However, where there is full employment and labour is a scarce commodity, the impact of licensing will be exaggerated. Nowhere is this more obvious than in London and the Thames Valley where employers are beginning to advertise bounty payments to attract staff that hold licences.
- The type of industry being recruited for - some working environments have a certain cache and attract people to them; obvious examples are the airports, media and the arts. The appeal of jobs in these arenas will help dilute the impact of licensing.
- The working environment - the better the environment, the less likely that staff will be looking at job advertisements.
- Quality of life issues such as working hours, staff benefits and the respect paid to the security team. It is therefore dangerous to say that every contract will be affected by licensing in the same way; clearly they won't. However, it should be possible to look at one's security contract and have a fairly good idea where it sits on the evolutionary scale.

Contracts at significant risk of disruptionThe contracts that exhibit two or more of the following characteristics will experience the greatest amount of staff churn (and may be doing so already):

- Minimal site-based management and/or supervision;
- Minimal support management;
- Low pay rates;
- 56 or 60 hours per week rosters;
- Limited staff benefits;
- Low respect for security team;
- Poor working environment;
- Little opportunity for career development;
- Little or no development training;
- Low levels of local unemployment. In the year ahead these contracts will suffer significant disruption in service, with

experienced staff leaving to other industries or better jobs within the security industry. The cost of replacing these people will be significantly higher than the rates currently being paid.

Regional divideAs in many trades there is a very distinct regional divide within the security industry, with the highest wage rates in London and the Home Counties and the lowest pay rates in the areas of high unemployment. This pattern tends to be reflected in working hours, with the highest hours worked matching the areas of lowest pay.

Licensing will probably increase this divide still further. Where labour is scarce, licensed staff will command an even greater premium and/or a better work/life balance. Where labour is plentiful the laws of supply and demand will greatly reduce the bargaining power of those holding a licence. So although both sets of wages will rise, they will rise at a different pace and the differential between the two will increase.

Inflationary impact - a predictionAlthough the inflationary impact of licensing will be heavily affected by local circumstances, it is safe to assume rates in general will rise by 5-10 per cent over the course of the next year. However, there will be cases where the wage rises will be much more dramatic, particularly where the wage rates are relatively low when compared to the norm for the area of the country. So, for example, a wage rate of £6.60 in the Greater London area may need to move to £8.00 by the end of 2006, an increase of over 20 per cent.

Move to alternative solutionsWith security guarding costs on the increase, more and more customers will reach out for alternative solutions. These will come in a variety of forms including

- Replacing manpower with technology, particularly at night and weekends;
 - Replacing fixed posts with more flexible manpower solutions e.g. visiting patrols to supplement a reduced core team;
 - Restructuring the manpower solutions to fit the actual needs of the customer e.g. part-time staff, split shifts;
 - Up-skilling the security team and taking on additional duties, thus saving money elsewhere.
- Move to solutions providersThis move towards alternative solutions will put pressure on the guarding companies to be more than just labour suppliers. Whilst they may not need to have a technology arm they must be able to identify technology solutions.

In summary, licensing will change the face of the industry in many ways, perhaps more than was originally envisaged. Licensed staff will become a more expensive commodity and customers will seek to buy less of it. Guarding companies that wish to thrive in this new marketplace will have to adapt, moving away from labour supply to more rounded security solutions. At the heart of these solutions will be a much superior workforce, better able to tackle a variety of tasks.

To get the best out of the guarding industry in this brave new world the buyers may need to adapt too, moving away from a commodity-driven buying process to one that is more flexible and encourages innovation. This will require a leap of faith and it's questionable whether the guarding industry of the past deserves such a high level of trust. However, licensing will change the landscape and a new breed of suppliers should evolve. Only time will tell.

Further information

Wilson James

Tel: 0845 6032797 (quote ref FMY06)

www.wilsonjames.co.uk