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G4S and Serco: key players in criminal justice privatisation

The two outsourcing firms, caught up in [overcharging claims](#), have become close to indispensable to the government

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Soldiers had to provide security at the London 2012 Olympics after G4S failed to fulfil its contract. Photograph: Leon Neal/AFP/Getty Images

When [G4S's](#) contract to provide security for the London Olympics last summer went wrong it confirmed its reputation as a lightning rod for criticism of the rapidly growing involvement of private companies in the delivery of public services.

But the decision to call in the army to rescue that failure obscured the large role that the private security company already plays within the criminal justice system. Indeed critics call it the "sell-off of the criminal justice system".

It is not widely remembered now but when the company was simply Group 4 it briefly became the butt of comedians' jokes for losing prisoners when it took over the first contract to transport offenders between courts and jails.

Since then its business with the Home Office, the Ministry of Justice and more recently the police has rapidly expanded. It now runs six prisons, including Birmingham and the "super-sized" Oakwood jail, two immigration removal centres, and two very large contracts to house asylum seekers.

The G4S share of the existing tagging contract, which is shortly to be renewed, was worth £400m over eight years to the company. It provides tagging to enforce mainly night-time curfew orders imposed on offenders in the North, the east Midlands, Yorkshire and Humberside, and the south-east and the south-west of England.

In addition it has a developing business with the police, running custody suites in three forces, providing forensic medical services, including rape reporting centres in 11 forces, and a flagship £229m deal with Lincolnshire police to run its 999 response service, its control room, civilian staff and a police station. The company also runs facilities management services for the courts and employs former police and probation officers to work on temporary contracts to cover staffing gaps in police investigations.

The Ministry of Justice contracts together are worth £5.14bn over their lifetime, or about £274m a year. The Home Office contracts are worth a further £301.2m over their lifetime and those with the police £283.8m, making a total of £585m. Together they produce annual revenues of £118m a year. These figures are not insignificant even for a global company like G4S and probably represent about more than half its UK earnings.

Serco, an outsourcing specialist, holds the London probation contract, supervising 15,000 offenders carrying out "community payback" sentences. It also runs six prisons in England and Wales. Two months ago, the group's category-B Thameside prison was the subject of critical report by the chief inspector of prisons, found to be in "lockdown" after failing to cope with a violent, internal gang culture.

It is the single remaining bidder for a contract to run the South Yorkshire cluster of three existing jails but that has been put on hold while the MoJ audit takes place. Overall prison, probation and welfare-to-work contracts in Britain are estimated to account for close to £300m, or 6%, of Serco's £4.9bn global revenues.

The two firms are the major private players in criminal justice privatisation and it is hard to see how any further large-scale outsourcing police, probation or prison project can succeed without some sort of involvement by them.

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