

The Shield Group profile

by

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The Shield Group profile

1 Background

This report was commissioned by PCS in response to the announcement that The Shield Group had been awarded the contract for security and visitor services at the Imperial War Museum, worth £10 million. The Shield Group will take over the services in April 2014.¹ More than 100 staff will be affected. The Shield Group was bought out by the Indian security company TOPSGRUP in 2012.

Aim

To provide a company profile of the Shield Group and TOPSGRUP

Objectives

1. To outline company structure and finances including information on TOPSGRUP
2. To identify links between the Shield Group and MPs/Lords (current or former) or other high profile names
3. To identify tax liabilities in the UK or India, with any evidence of tax avoidance/evsion;
4. To assess the company employment record including staff turnover/training/career progression/terms and conditions including living wages and zero hours contracts
5. To document experience of delivering on public sector contracts, in security or broader, and contracts in the civil services and related public bodies;
6. To document industrial relations and trade union recognition particularly with regard to any transferred public sector contracts and respect to TUPE obligations.

1. The Shield Group - company structure and finances

The Shield Group

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Telephone: 0800 093 0248

Email: sales@theshieldgroup.com

Website: www.theshieldgroup.com

The Shield Group was set up in 1986 and is now the 10th largest security service provider in the UK. By 2012, the company had a turnover of £60 million, employing 2,000 people across 300 sites nationally. The company operates from City of London (head quarters), Preston (regional office) and Maidenhead (regional office) with offices in Glasgow, Leeds, Manchester, Birmingham, Bristol and Leeds. The recently set up Shield Group Monitoring Centre is based in Preston and is part of a move by the company to become a 'complete security solutions' provider. It provides remote access building control, virtual patrolling, remote interrogation of CCTV, and full disaster recovery and business continuity. All systems have duplicate hardware in the event of systems failure, and provide maintenance and system installation. The new focus is on electronic monitoring and delivery of security services. The company also describes its services as moving from facilities management to 'total security solutions'. These include:

- **Guarding** – guarding, mobile patrols, alarm response, keyholding and reception
- **Monitoring** – virtual patrols, remote access, alarm receiving, lone worker, asset tracking
- **Systems** – CCTV, access control, fire / intruder alarms, installation and maintenance
- **Consultancy** – solution design, consultancy, investigations, screening, asset protection, special events, executive protection

In July 2012, Shield was bought by TOPSGRUP, one of India's leading security companies. This resulted in re-structuring of the Shield Group and reorganisation of the Shield business areas. There are now four main Shield businesses:

- **The Shield Guarding Company:** Manned Guarding, Event Management, Police Support Services, Mobile Patrols, Alarm Response, Keyholding, Concierge & Reception Services, Executive Protection
- **Shield Systems Limited:** CCTV, Access Control Design & Installation
- **Shield Monitoring Services:** CAT 2 NSI Gold standards monitoring of Customer premises including lone worker management
- **Shield Consults:** Security Consultancy, Investigations Risk & Threat analysis, Corporate Screening²

The focus of the services provided by the Shield Group is on security systems. There is little evidence of any interest in providing visitor services.

The Shield Group appears not to be listed on the Stock Exchange and so is a private company.

2. Directors/ Executive Directors

John Roddy, Managing Director of The Shield Guarding Company has over 30 years of experience of working in the UK, Europe and Asia, including the Greater Manchester Police.³ He has been appointed to the Executive Board of Project Griffin, representing the UK security industry in partnership with the City of London Police, the Metropolitan Police and several other forces across the country.⁴

Stephen Hollings (Commercial Director) has been Sales Director and Managing Director at two top security service providers in the UK.

Peter Aaronson (Managing Director of Shield Consults) worked in the police for 30 years, including royal and diplomatic protection, and as senior lead in Serious and Organised Crime initiatives.

Russell Sharp (Managing Director of Shield Monitoring Services) entered the security industry through Glaxo Group Research and Shell International. He joined Shield as a Site Security Manager in 1997. He was involved in creating the London Control Centre and more recently the Shield Monitoring Centre.⁵

Paul Eskriett, (Director of Police and Consultancy Services) worked for 30 years with the City of London Police. He will identify Government and Local Authority Contracts, as well as Police Support Opportunities across the UK.

The background of these directors shows that the company draws on both public and private sector experience.

In a recent press release, the Chairman reported that the Shield Group has recently invested over £1m into the innovative Management Development Centre and developed a level 5 Diploma in Total Security Solution. He reported that The Shield Group has a staff retention rate of 48% for the workforce which has worked with the company for over 5 years.⁶

3. TOPSGRUP Company structures and finances

TOPSGRUP

Address: 5, Royal Palms Estate, Aarey Milk Colony Goregoan (E) Mumbai, 400 065, India

E-mail: info:topsgroup.com

Website: www.topsgroup.com

TOPSGRUP was set up in 1970 and by 2010-11 had a turnover of INR 14 billion. The company employs 100,000 employees across the world. Although the main focus of TOPSGRUP is the delivery of security systems in India, it also works in the United States, South Africa, Nigeria, Ghana and Australia. In 2008, TOPSGRUP bought 51% of the Shield Group. The main investors are billionaire investor Rakesh Jhunjunwala and private equity funds ICICI Venture and Everstone Capital.⁷ TOPSGRUP has also been buying Indian security companies, for example, Guardwell Detective Services Private Limited, which has revenues of INR400 million and 5,000 employees.

Table 1: TOPSGRUP Revenues and before tax profits (IR,000)

	2009-10	2010-11
Revenues	30,060.57	30,524.54
Before tax profits	2, 125.26	1,960.89
Personnel costs	n/a	23,296.45

Source: TOPSGRUP annual accounts 2009-10, 2010-11

TOPSGRUP is a private company and not listed on the Stock Exchange and so does not have an obligation to publish annual accounts. The last available published accounts for the TOPSGRUP were for the financial year 2010-11.

Table 2: TOPSGRUP subsidiary companies

TOPSGRUP subsidiary companies
Truman Consultancy Solutions Private Limited
Topsgrup Electronic Systems Limited
Threadsmith Outerwear Private Limited
Taylormade Outsourcing Solutions Private Limited
Topsgrup International Security Academy Private Limited
Tosp Securegate Consultancy Private Limited
Tops Armoured Cash Security Private Limited
Topsgrup Risk Intelligence Private Limited
Topslife Life Response Services Private Limited
Guardwell Detective Services Private Limited
Topsgrup Holding B.V. Netherland
Topsgrup Security UK Limited, UK
The Shield Guarding Company Limited, UK

In 2004, TOPSGRUP launched India's first and Mumbai's fastest Emergency Response Service called 'TOPSLINE 1252'. This was in collaboration with the ex-Chief Minister of Maharashtra, Shri. Sushil Kumar Shinde, in cooperation with the Mumbai Police authorities.⁸ This is an example of how TOPSGRUP is developing services as alternatives to public services.

4. Directors

Dr. Diwan Rahul Nanda is Global Chairman of TOPSGRUP and became chairman of TOPSGRUP India in 1992. He has led the expansion of the company.

5. Tax issues

In September 2013, TOPSGRUP was accused of not paying Rs 20 crore service tax. A further Rs 26 crore had been collected by the Government tax authorities by the getting clients of TOPSGRUP to deposit service tax with them directly. An arrangement was then made between the tax authorities and TOPSGRUP to pay the outstanding taxes.⁹ The company response was that changes in service tax laws had impacted on the service tax payments by

companies such as Tops Security Limited, because of irregular payments by their major clients. On the 31st December 2012, the outstanding service tax due by Tops Security Limited was Rs 55 crores and a payment plan had been agreed with the Directorate General of Customs, Excise and Investigations (DGCEI) to pay Rs 50 crores by August 2013. This had been achieved leaving a balance of Rs 5.¹⁰

6. Company employment record

In 2010-11 TOPSGRUP Accounts reported that, following a Supreme Court judgement in 2006 in Maharashtra, the company does not consider that it has to pay minimum wages because it is not covered by the Minimum Wages Act. The reason given by TOPSGRUP was that because so few of its customers are registered under the Maharashtra Guard Board Act, then Guard Board rates are not applicable for customers in Maharashtra.¹¹

7. Industrial relations and trade union recognition

The Shield Staff Guarding Association

Address: 243-245 Kennington Lane, London SE11 5QU

Telephone: 020 7840 8031

E-mail: enquiries@tgsa.org.uk

Website : www.tgsa.org.uk

The Shield Staff Guarding Association had 301 members on 31 March 2012 (39 women 262 men).¹² The President is Dave Harris and General Secretary Trevor Eames. The Shield Staff Guarding Association provides benefits for members which include: Employee Assistance Programme, Discount Services to members through our partners, a Health Plan, Travel Insurance and Personal Accident Benefits.

Table 3: Income and expenditure for Shield Staff Association

2011-2012	Income		Expenditure
Income from members	33,187	Benefits to members	2,995
Other sources	897	Admin expenses (including salaries)	33,828
Total	34,084		36,823
Deficit	2,739		
Amount in general fund at beginning of year	(2,414)		
Amount in general fund at end of year	(5,153)		

Source: Annual return for the Shield Staff Association

8. Conclusion

The Shield Group is a security company which has recently been taken over by an Indian security company, TOPSGRUP. The focus is on the delivery of security systems, increasingly using electronic systems.

There is no mention of encouraging visitor services skills among the workforce. There are no examples of contracts where the Shield Group has to provide visitor skills in addition to security systems. It is noticeable that the company is moving from working in facilities management to security services. The Directors of The Shield Group have a mix of public and private sector experience with several Directors having worked for the police. There is a focus on bringing in more contracts from the public sector.

The impact of TOPSGRUP on the way in which The Shield Group operates is only just being felt. There has been a re-structuring with services areas more clearly divided into divisions. Although TOPSGRUP works in France, Spain and The Netherlands, much of its work is outside Europe.

The nature of labour relations in either the Shield Group or TOPSGRUP is unclear. The report in the 2010-11 TOPSGRUP Annual Accounts explaining why the company did not pay the minimum wage in Maharashtra is not encouraging.

¹ <http://www.theguardian.com/culture/2013/dec/11/imperial-war-museums-privatises-visitor-services>

² <http://www.infologue.com/news/uk%E2%80%99s-tenth-largest-security-business-provider-the-shield-group-rebrands-to-reflect-total-security-solutions-business-model/>

³ http://www.topsgroup.com/pressclips_uploads/206/FM_world.pdf

⁴ <http://www.infologue.com/news/uk%E2%80%99s-tenth-largest-security-business-provider-the-shield-group-rebrands-to-reflect-total-security-solutions-business-model/>

⁵ <http://www.infologue.com/news/uk%E2%80%99s-tenth-largest-security-business-provider-the-shield-group-rebrands-to-reflect-total-security-solutions-business-model/>

⁶ <http://www.theshieldgroup.com/news/98/how-businesses-can-help-bridge-the-north-south-divide-by-john-roddey-ceo-of-the-shield-group>

⁷ http://articles.economicstimes.indiatimes.com/2011-03-31/news/29366199_1_topsgroup-diwan-rahul-nanda-guardwell-detective-services

⁸ Profile of TOPSGRUP

⁹ <http://www.indiafoline.com/Markets/News/Topsgroup-releases-statement-on-service-tax-dues/5770689540>

¹⁰ <http://www.indiafoline.com/Markets/News/Topsgroup-releases-statement-on-service-tax-dues/5770689540>

¹¹ P.38 TOPSGRUP Annual Accounts 2010-2011

¹² Shield Staff Association annual return 2012