

Introduction

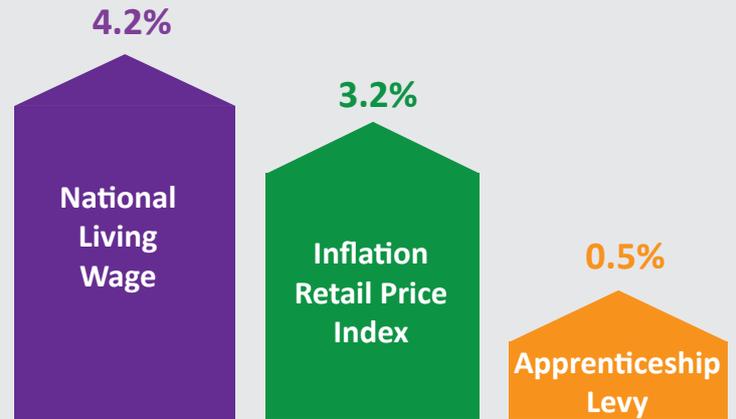
From April 2017, statutory increases as well as a rise in inflation will lead to an upward pressure on labour costs across the service industry.

The National Living Wage (NLW) will increase by 4.2% and the Apprenticeship Levy (0.5% charge of our annual wage bill) will be statutorily imposed.

These legislative changes, in addition to significant rises in the Retail Prices Index (RPI), present a significant challenge to our business and to the security sector as a whole.

In light of this, a proportionate response is required to ensure that our services can continue to operate to the highest levels.

Labour Cost Increases 2017



Chancellor Philip Hammond confirmed the increases in his Autumn Statement

National Living Wage

As of April 1st 2017, the NLW will rise from £7.20 to £7.50 per hour, consistent with the Government's plans of reaching £9.00 per hour by 2020 - a projected increase of 25% in four years.

Initiatives such as the NLW improve the lives of our workforce and offers our clients an increased consistency of staff and improved continuity of service.

This is why we annually review our charges in line with the Government's targets, prioritising the welfare of our employees and, in turn, the safety of our communities.

Apprenticeship Levy

The new Apprenticeship Levy will also be introduced on the 6th of April 2017, forming part of the Government's aims of developing over three million new apprentices by 2020. As one of the UK's top employers, SecuriGroup will contribute to the Levy under statute.

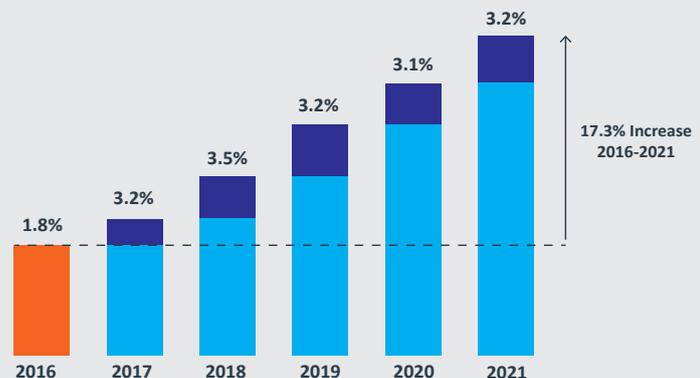
SecuriGroup remains optimistic about the benefits the Levy will present to our employees, and indeed workers across the UK, but we must keep our costs competitive in response to legislative pressures, securing the future of our operations and the safeguarding of the public we serve.

Inflation

In December 2016, inflation rose to 2.5%, bringing it above the Bank of England's target of 2%. It is further projected to peak at 3.5% in 2018.

SecuriGroup must adequately respond to such pressures and keep our costs competitive, ensuring that we continue to deliver the highest standard of operational support to our 2,500 staff across the UK.

RPI Forecast: 2017 - 2021



Reference materials:

• <https://www.gov.uk/government/publications/national-living-wage-nlw>

• <http://budgetresponsibility.org.uk/faq/where-can-i-find-your-latest-forecasts/>

