

## **8 May Chairman's Address 2<sup>nd</sup> SCEG Conference**

My Lord, Ladies and Gentlemen.....

As Chairman of the Security in Complex Environments Group, I am delighted to welcome you to our conference focusing on *Enhancing Security in Complex Environments*.

Before Lord West's keynote address, I am going to take a few moments to reflect on our short history and recent achievements, and to identify some key issues for consideration for the future.

### **Background**

The SCEG was formed in January 2011, when we had representatives from just 3 companies working with ADS to establish an organization that would define and introduce robust, widely recognised professional standards for the UK PSC sector. We now have well over 70 members, and represent the vast majority of the UK industry delivering security in challenging environments on land and at sea.

I am sure that an important part of our early success was the decision to establish the SCEG as a Special Interest Group within ADS - ADS was already a highly respected international trade association with strong links with government, and its reputation for

quality and support to UK exports was closely aligned to our own purpose. I know already, having recently discussed the SCEG and its work with Paul Everitt, that our future is in safe hands.

## **History**

Over the past 2 1/2 years, there have been some significant milestones and achievements in both the land and maritime fields:

In June 2011, just 6 months after we were formed, and following a competitive selection process, the UK Government appointed the SCEG as its partner for the development and accreditation of standards for the UK private security industry operating in the land environment overseas.

For those who might consider this a “quick win” for government, it is worth recalling that the serious discussion on regulation: commenced in the 1990s; was marked by publication of a Green Paper in 2002; and continued on for the next decade accompanied by wars and their related reconstruction programmes in Iraq and Afghanistan, and the extraordinary growth of piracy off the Horn of Africa.

In autumn 2011, our remit was extended to include the Maritime sector as well as Land. Given the meteoric rise of armed counter-piracy operations, this was a significant decision, reflecting close consultation between the FCO and the Department for Transport.

Understandably, since then the Home Office has become increasingly important to our maritime work, as measures have been introduced to regulate armed security on UK flagged merchant vessels, and the MOD is emerging too as a significant actor and stakeholder in this field.

Central to our work is the identification of appropriate industry standards. For this, the US Department of Defense commissioned the security trade association, ASIS, to develop an American National Standard for land-based PSCs. This standard, known as PSC1, has a strong human rights underpinning and was framed in such a way that it could be adopted by other nations for use internationally.

PSC1 was developed after an extensive consultation process which was strongly supported by the SCEG. PSC1 and the associated conformity standard, PSC2, were published in early 2012, and our unreserved recommendation to the UK Government was that PSC1 be accepted as the basis for our UK national standard, with the additional requirement for independent 3<sup>rd</sup> party certification, and provision for any UK-specific conditions.

We were therefore pleased that on the 17<sup>th</sup> December last year, a Written Ministerial Statement was issued by the Government advising of their intention to specify PSC 1 as the UK standard and supporting its adoption by ISO as an international standard.

Of course, the standard is not enough on its own, and we are working with the government and UKAS, the UK Accreditation Service, to identify independent 3<sup>rd</sup> party accreditors who will ensure that companies claiming to comply with the standard do so fully and in a properly auditable fashion. We expect this work to be completed in the next few months and for companies to be able to submit themselves to certification by the end of this year.

## **International**

These achievements have clearly fallen within a national regulatory context, but internationally much has also been afoot. The signing of the Montreux Document by 17 governments in September 2008 had reminded states of their international legal obligations and recommended good practice in regards to their dealings with the private security sector. The Montreux Document now has over 40 signatories, and was an important stimulus to the Swiss Government-led development of the International Code of Conduct for Private Security Providers, signed by 58 companies in November 2010 and now boasting more than 600 signatories.

The SCEG was formed only 2 months after the signing of the ICOC and since then has been - I think it is fair to say - a robust, constructive and influential contributor to the development of the ICOC Articles of Association, which were the subject of a final drafting session in Montreux in February. The Articles outline the mechanisms for identifying internationally credible standards and certification measures, and for agreeing proper performance-reporting, monitoring, assessment and complaints processes.

In March, ICOC stakeholders were invited to endorse the Articles and commit to becoming a Member of the Association and - whilst I am sure that all stakeholder groups could find elements of the Articles which they may consider less than optimal - I am personally wholly confident that the document has successfully reconciled the disparate interests of all, and represents a sensible and pragmatic basis for implementation.

That in itself represents a significant achievement, and considerable credit goes to all who contributed to a challenging initiative, not least the Swiss government without whose leadership I suspect the process would have stalled long ago.

We therefore strongly encourage endorsement of the articles and commitment to joining the Association.

Selection of able and committed industry representatives to act as Directors of the Association will be vital to its success and we will very shortly be seeking and supporting suitable candidates. We will at the same time be looking to identify suitable nominees for the important post of Executive Director – he – or she - will run the Association on a day to day basis, answering to the Board.

Looking ahead, I have every confidence that mechanisms to identify acceptable national and international standards (including of course PSC 1), and certification processes can be swiftly developed. At the same time, we must not underestimate the importance of matching cost to resource, and work is continuing to ensure that we have a sustainable financial model which meets the operational need in an affordable manner, whilst at the same time ensuring that robust, independent and transparent processes are in place.

## **Maritime**

I am conscious that much of my focus so far may appear to have defaulted to the regulation of land operations. In fact, about half our members operate exclusively in the maritime sphere and a number of members work in both environments. Accordingly, our work on the maritime regulatory front has been detailed and substantial, and I believe we have brought together a strong, objective and coherent UK industry voice, influencing the myriad of international, commercial and government agencies involved in this challenging and dynamic field.

By way of explanation, although the provisions of PSC 1 are generically applicable to both land and maritime operations, there is a need to develop additional standards to address maritime-specific operational and jurisdictional issues, and to address the requirements and expectations of relevant maritime security stake-holders, including the IMO, shipping trade associations and insurers.

Of note is the fact that though the ICOC's initial focus was the development of a Land Standard, many ICOC signatories quickly proved to be maritime security companies seeking to be able to demonstrate their intention to comply with a recognised standard. Indeed it was a requirement for SCEG membership that candidates, be they land or maritime, were signatories to the ICOC.

In recognition of the increasing threat of piracy in the Indian Ocean, discussions between the IMO and ISO began in earnest in January 2012 to decide how best to develop an international standard for armed security guards on ships in the High Risk Area. Four months later IMO's Maritime Safety Committee approved MSC Circular 1443 - *Interim Guidance to Private Maritime Security Companies providing*



*Privately Contracted Armed Security Personnel on board Ships in the High Risk Area.* It was also concluded that ISO should develop an international standard drawing on 1443, which itself had been informed by work completed earlier by the SCEG. The standard was to be known as ISO 28007 and to be completed as a matter of urgency.

The ISO 28007 Technical Committee included a SCEG Executive Committee member as the UK's nominated representative. As part of the development of the ISO, meetings were held in Lyon and Brussels to hear what interested stakeholders wanted to see in the Standard.

In parallel a UK *Mirror Committee*, hosted within BSI and led by the Chairman of the SCEG's Maritime Security Working Group, provided input to the ISO's development. Many of the SCEG's maritime security members were instrumental in the development of the ISO Publicly Available Specification (PAS) which was subsequently submitted to the IMO in November 2012.

The publication of the ISO/PAS is a significant milestone and recognised by the UK government as an important contributor to the promotion of high professional standards amongst maritime security providers, and UKAS has now started the process of accrediting suitably qualified independent third party auditors to certify UK-based maritime PSCs against the PAS's requirements. You will hear more of this later.

### **Value to UK exports**

In a broader context, I am pleased that there is increasing recognition of the contribution that this industry makes to British exports and I am grateful to our colleagues at UKTI in particular, for acknowledging that risk consultancy and security *services* - as opposed to *equipment and technology* - are important to UK security sector exports and merit Government support. This really is a field where the UK leads globally in terms of quality of operational service delivery both on land and at sea, and where we have, both through the SCEG and as individual companies, had an exceptionally powerful and positive influence in raising standards worldwide and encouraging the development of regulatory processes which are effective and relevant.

## **Clients**

Clients - I want to highlight the importance of the client as a stakeholder. We must continue to work to draw the client into a full understanding of - and commitment to - regulation. It is their recognition of the relevance of standards to local communities and to their own exposure to risk that will ensure that security companies investing in quality achieve the commercial differentiation they deserve. We need to communicate effectively with clients ranging from governments, international organisations and development agencies ... to the extractives sector, the shipping industry - and humanitarian and development organisations. We then need to persuade them that the additional costs implicit in high standards are worth accepting. Without that acceptance, the dynamics of the market will move against widespread improvement of standards, especially where regulatory systems are based on voluntary participation.

## **The Future**

The future: aside from our implementation of land and maritime standards and the associated certification processes which are in hand, very simply I believe we must focus on three areas:

- Firstly the focus on clients which I have outlined above. They must understand and value the standards and certification processes we are investing in.
- Secondly, we must work to build the recognition of this sector as an important contributor to the UK economy.
- And lastly, we must continue to work on communicating effectively, especially with civil society where there is still much to be done in building trust in our genuine commitment to proper professional standards and the recognition of human rights that goes with that. We must be more transparent and inclusive - I am sure that all will benefit from this.

## **Closing remarks**

Now, in closing, I am delighted to see so many of you attending today's conference; it is a reflection of the central importance of the issues that the SCEG is closely engaged with. It is a reflection too of the fundamentally important partnership which the SCEG enjoys with the UK government.

I would like to give a warm thank you to our sponsors Drum Cussac who are here *en masse* led by their CEO Jeremy Stampa Orwin, and Chesterfield Group represented by Simon Cassey.

And finally, on a personal note, after nearly 2 ½ years as Chairman of the SCEG I will be taking the opportunity to stand down from that appointment today, and handing over to Andrew Farquhar who succeeds me and will deliver this afternoon's closing address. I am confident that he will – with great success - overcome the many challenges and exploit the equally numerous opportunities presented during his tenure.

Please now enjoy the conference and take the opportunity to contribute robustly, question closely, connect with colleagues, and add value to our work.

Thank you for your attention. I now hand you back to our Director Paul Gibson, with the imminent prospect of Lord West's keynote address.