

SCEG Symposium 20 September 2016 – Director’s Script
‘Managing the Complex Environment’

The world is full of surprises. Samuel Pepys’ diaries provide a harrowing account of how London was consumed by the Great Fire, 350 years ago this month - a fire that started in Pudding Lane less than 500 metres from where we are now. He would scarcely have envisaged that out of the ashes a fledging insurance sector would take root and prosper. He would surely have been amazed by this iconic building and the prosperity of Lloyd’s of London over the centuries. I have no doubt too, that he would have been equally in awe of the size, scale and reach of the contemporary private security industry and perhaps surprised that some of the threats of 1666 are still being dealt with today.

I am delighted that so many of you have joined us at this Symposium, and this level of interest in how the private security sector is developing reflects the growing level of maturity within the sector as companies became increasingly main stream - with compliance, good governance, and accredited certification the hallmarks.

Transparency

As part of that increasing maturity, security companies either individually or collectively through organisations such as SCEG, and operating in a transparent manner are engaging with Civil Society and other stakeholders. This is not always straightforward.

It was with some trepidation that I accepted the invitation to address the UN Working Group on Mercenaries last December. I anticipated it would be a tough forum as indeed it proved to be. It was always going to be difficult when my opening gambit was to challenge the very use of the term ‘mercenary’ - with all its emotive baggage from the African continent from the apartheid era. What some of those robust exchanges that morning exposed was the yawning gap between the perceptions about private security, held by some in civil society and the significant strides that have been made by responsible private security companies to develop businesses that are highly regulated, have embraced international standards, and have placed human rights at the heart of their business models.

In a more recent exchange, this time with a Guardian journalist, I was asked if I understood why some people found the very notion of private security morally abhorrent – strong words indeed. In reply I told her that without private security much of the vital governmental work and the commerce that drives the engine of the world’s economy simply could not take place. Without private security, oil and gas majors and the extractive industries would be unable to conduct their field operations in complex environments, ship owners would be unable to operate in high threat shipping lanes and diplomats would be unable to conduct their vital work for governments in circumstances where their lives can be under threat on a daily basis.

In reality, it is always going to be challenging to persuade some in civil society that many private security companies, and certainly those represented here today, are legitimate main

stream businesses that offer a range of security solutions for public and private sector clients. However, this is a challenge that we must continue to meet. Responsible security companies have a good story to tell: they are providing excellent services, they have risk mitigation strategies and redress grievances in place, and they are compliant and have embraced standards and ethical practices.

Philosophical Debate

Government has played and continues to play a crucial role in the development of the private security industry. It is of course government that set the regulatory environment in which security companies operate, and government will often be a client for the provision of security services.

In Whitehall, those government departments who have a clear need for private security services, for example for the guarding of diplomats or protecting UK registered ships, have developed pragmatic procedures in order to enable this activity.

However, there has yet to be a philosophical debate at the heart of government as to how government, might best exploit what the private security sector has to offer. The shrinkage of western defence budgets and capabilities without a commensurate adjustment in the threats faced or the ambition of national objectives has led to a 'strategic deficit' that needs to be addressed. I am delighted that we have Richard Barrons speaking later as he has placed this issue at the top of the defence and security agenda. I am confident that with the right dialogue far greater synergies between the private security industry and government would be exposed for mutual benefit.

I recall a meeting in the MOD, when the then Secretary State of Defence was being briefed about the security arrangements for a British Ambassador operating in a challenging environment. He was told the Ambassador's close protection would be provided by a private security company. The Secretary of State raised an eyebrow and asked this question "when did the state decide to give up its monopoly on the use of force?" There was an uncomfortable silence from the assembled civil servants. The Secretary of State's astute question demonstrated that not for the first time pragmatism had trumped policy. Much water has flowed under the bridge since that meeting but the need for a debate within government to determine to what extent and in which areas the state would be willing to partner with the security sector to deliver national objectives remains as important as ever.

The most recent Strategic Defence and Security Review, published last year, placed a great deal of emphasis on defence engagement, capacity building and improving cultural and situational awareness. In these areas the private security sector has much to offer particularly for example in training and equipping missions. However, occasionally some in government see industry solutions as sub optimal but often the private sector can be more agile, cheaper and provide continuity whilst maintaining standards. Industry would welcome the opportunity for further dialogue with government to enhance trust and understanding and to

exploit the synergies between the public sector and the security sector which is inextricably linked with the success of the global economy.

This is not a uniquely British problem. In the Netherlands for example there has been a long running political debate as to the most appropriate mechanism to provide armed security for Dutch Ships transiting the High Risk Area. Currently to the immense frustration of most Dutch ship-owners there is no legislation in place to allow Private Maritime Security Companies to embark a security detachment. Ship Owners concerned about the safety of their vessels and crews may however apply for a Vessel Protection Detachment provided by Royal Dutch Marines. A detachment consists of 11 marines with a daily cost of \$7,000 US Dollars, considerably more expensive than a private security solution. Furthermore the Dutch Marines require 14 days' notice before embarkation and for ships operating on the spot market this timeline is simply unworkable.

The Dutch Labour Party the PvdA is opposed to the development of a private security solution. Some of its members argue that the state must maintain its monopoly on the use of force and any exception to this might lead for example to armed private security operatives securing supermarkets. I sense that this debate in The Netherlands will not be resolved soon.

Risk

Risk and the management of risk are part of the lexicon of all modern business. Of course in the private security sector they have an added poignancy. At its most fundamental all the risk mitigation strategies focus on the armed individual – the private security operator. Here I have a worry. If we look at other sectors, for example the retail sector, companies continually review the cost of their supply chain. In the last 20 years many shirts destined for stores in the UK were manufactured in China, then in Vietnam and more recently in Cambodia, the transition between these countries has been driven often primarily by labour costs. In the same way the private security industry driven by the cost imperative demanded by clients are less likely to employ security operatives from Europe - they are more likely to be from Africa or Asia. The number of ex British servicemen employed in the sector on a regular basis has noticeably declined in recent years. Some would argue I suspect that this merely a reflection of a maturing sector but I would caution those corporate clients who in their relentless drive for efficiencies from their security provider fail to understand the potential impact on the quality of the security operators.

I would like to dwell for a moment on the risks facing those armed private security operators who work for private security companies - usually as sub-contractors. I have observed several incidents whereby security operators through no fault of their own have fallen foul of a country's criminal justice system, sometimes with disastrous consequences. In one incident 3 men were incarcerated in very challenging circumstances. Their access to basic food and medicine and legal support was highly problematic. The men were all sub-contractors but the private security company stood by them and managed eventually to secure their release. The attitude of government throughout this episode was intriguing. All 3 men had served in the

British military and, as I know from first-hand experience, had they still been serving, then COBRA the government's crisis response committee would have stood up and a range of diplomatic and military plans would have been rapidly developed to secure the men's early release. They were of course not serving in the armed forces, they were civilians and from a government's perspective this was a consular matter and dealt with accordingly.

The perception of many within the security sector is that should they find themselves in similar circumstances they will be afforded the same level of priority as perhaps a British citizen abroad who finds himself locked up for being drunk and disorderly. I am not sure this is right! If government increasingly recognises the importance of the security sector, acts as a client for services, and partners with the sector in for example capacity building deployments then there is a requirement surely to accept greater responsibility to assist companies when incidents occur and to work intensively to secure the release of those detained.

I have talked about the maturing of the industry and how it has become increasingly main stream and yet other sectors have not necessarily kept pace with these developments. It came as unpleasant shock to many in the security industry when high street banks started closing the accounts of defence and security companies, often with little notice or explanation. The problem occurred as banks sought to de-risk their own operations and disappointingly they seemed unable or perhaps unwilling to differentiate from those security companies who were fully compliant from those who might genuinely pose a risk to them. Common sense has now largely prevailed and most companies have access to the banking facilities they require but a few have been forced to bank overseas.

Reputational Damage

We would all recognise the importance that corporates place on protecting and enhancing their reputations and their brand. Companies expend enormous resources on corporate communications, marketing, and protecting their intellectual property. It is therefore very surprising that some take unnecessary risks when contracting private security providers. In this world of transparency, accountability and accredited certification that I have described the client can now be a truly discerning customer and be confident that the right security provider will deliver the quality and assurances that a blue chip company should demand. In other words the clients should be sorting the wheat from the chaff.

Let me pause there and I hope that in my opening remarks I have given you some food for thought.

I would like to return to the relationship between the industry and government. Within SCEG we enjoy a unique partnership with the British Government and I know the Chairman of SCEG will be elaborating on this shortly. This relationship is exercised routinely and on a sustained basis through the Foreign and Commonwealth Office.

To reinforce this point I would now like to introduce Baroness Anelay who has prepared a video message for today's SCEG Symposium. Baroness Anelay was appointed Minister of State at the Foreign and Commonwealth Office in August 2014 and she was appointed the Prime Minister's Special Representative on Preventing Sexual Violence in Conflict the following year. In July of this year she was given additional responsibility for the Department for International Development.

Let's listen to what the Minister has to say....

I think you will agree a powerful message and endorsement of the role of SCEG. I would like to thank Sophia Willets King and Joanna Vallat from the Conflict Department in the FCO, both of whom are here today, for their support for SCEG and for making that video message happen.

Let me now introduce the Chairman of SCEG Andrew Varney.