

Introduction

Ladies and Gentlemen Good Morning and welcome to the SCEG Annual Conference. The theme of this year's conference is "opportunities and challenges from complexity and uncertainty". Today's global private security industry is driven by British innovation and leadership and this is particularly the case with regard standards and regulation. At the same time the industry is facing unprecedented challenges as clients become increasingly price sensitive and competitors, who are cutting costs at the expense of quality, appear attractive.

I am delighted that we have been joined by several members of the media and this reflects SCEG's determination to be transparent and open as we strive to improve industry practices and embrace international standards. However, the Conference will be conducted under Chatham House Rules so whilst you are free to use the information received, neither the identity nor the affiliation of the speakers, nor that of any other participant, may be revealed.

The Security in Complex Environment Group was formed in January 2011 for UK based private security companies working abroad often in dangerous, hostile and certainly complex environments. It was established to promote professional standards across the UK private security industry, sharing best practice and providing for rigorous third party accreditation against exacting standards.

We now have well over 70 members and associate members and represent the vast majority of the UK industry delivering security in challenging environments on land and at sea. SCEG member companies are engaged today across the globe in all the major hotspots including Afghanistan, Iraq, Libya, the Indian Ocean and the Gulf of Guinea.

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. This was a significant achievement and created a unique construct whereby an industry body was trusted by government to be both a responsible partner and a lobbyist.

This decision was not taken lightly. Serious discussion on regulation had commenced in the 1990s and continued during the tumultuous events in Iraq and Afghanistan which saw an unprecedented use of private security companies. After lengthy and sustained engagement and consultations the Government decided that the best way forward was to encourage industry to be

the catalyst for standards and regulation whilst maintaining very close links with the process. I believe that decision has been vindicated.

SCEG's relationship with the UK Government is in my opinion in rude health. You will see from your programmes that we have speakers from no less than 5 government departments including 2 government ministers. I am also delighted that we have several government officials amongst the delegates today. This is indicative of the cross government nature and complexity of conducting private security operations abroad. It is also recognition that we are engaging on a sustained and regular basis with UK Government ministers on behalf of the security industry.

I have spoken in glowing terms about our relationship with the UK government but it would not be giving you the full picture if I did not point some of the inevitable frictions in that relationship. Industry is impatient for change and to embrace regulation but in an industry that until recently was completely unregulated, with complex legal and presentational issues at every turn the government approach has understandably been cautious.

Central to SCEG's work has been the identification of appropriate industry standards. PSC1 was developed after an extensive consultation process which was strongly supported by the SCEG. PSC1 was 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 3rd party certification. We were therefore pleased that the UK Government subsequently declared its intention to specify PSC 1 as the UK standard and supporting its adoption by ISO as an international standard. SCEG members are now playing a crucial role in the process to convert PSC1 into an ISO standard and you will hear more about this later today.

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.

SCEG industry members played a substantive role in the development of ISO 28007 following the decision by the IMO's Maritime Safety Committee that ISO should develop an international standard and for it to be completed as a matter of urgency.

The publication of these two standards PSC1 and ISO 28007 represents a game changer as they are widely recognised as important benchmarks of high professional standards amongst private security providers.

Of course, critical to the success of these standards was the identification of independent 3rd party accreditors who would ensure that companies claiming to comply with the standard had done so fully and in a properly auditable fashion. SCEG has been enormously supportive of and arguably the catalyst for the The United Kingdom Accreditation Service pilot process to accredit suitably qualified Certification Bodies to certify companies against PSC1 and ISO 28007.

Several SCEG companies now have accredited certification against either ISO 28007 or PSC1. A complete list can be found on the SCEG website. Many other SCEG companies will be following suit during the course of this year.

Supporting Activity

In support of these international standards SCEG has undertaken additional work to improve the training and vetting of those employed in the industry. Following engagement with Home Office Ministers we now have an enhanced vetting process for individuals seeking employment as armed security personnel using a highly credible and respected national body the Disclosure and Barring Service.

City and Guilds encouraged and supported by SCEG members developed a Maritime Security Operative Qualification which encapsulates all the core competencies required by ISO 28007 so that shipping clients can have confidence that the armed security personnel are properly trained.

Floating armouries are a feature of maritime security operations in the Indian Ocean and the industry represented by SCEG were determined to have appropriate licenses authorising the use of these maritime platforms for the storage of weapons. Understandably the UK government had been concerned about the risks associated with these armouries. However without these licenses British Companies had a stark choice either cease trading or run the very serious risk of being in breach of UK trade laws. I took every opportunity to make this point to government, in the strongest possible terms, including at Ministerial level. After several months of engagement with the relevant government departments the Department for Business Innovation and Skills announced in July 2013 that it would now issue UK trade licences authorising the use of floating armouries for the storage of controlled equipment, particularly firearms. This was a significant step by the UK government and the officials and Ministers involved in this decision deserve credit for taking a bold and pragmatic step.

In addition early this year the UK government following lobbying by SCEG agreed to conduct a pilot for a UK flagged floating armoury and you will hear more about the progress that has been made later this morning.

Let me turn to firearms training in the UK – another problematic issue we have been tackling with the UK Government. In the autumn of 2011 Prime Minister David Cameron announced that the UK would be putting privately contracted armed guards on British flagged ships transiting the High Risk Area. Industry set about to deliver well trained individuals and teams for the task but the restrictive nature of UK's firearms legislation made it difficult if not impossible to conduct appropriate firearms training in the UK. This in my view was unacceptable and SCEG repeatedly and doggedly raised this issue with Government and I am delighted to report that the impasse was broken early this year when we received direction by government to explore the creation of a firearms course in the UK. SCEG has set up a working group under the excellent chairmanship of Mick Clifford from Ambrey Risk, to determine the key criteria for such a course and to explore which awarding organisation might be willing to create a suitable course. You will hear more about this later this morning.

International

On the international front before joining all SCEG applicants were required to be signatories of the ICOC and SCEG members played a constructive and influential role in the development of the ICOC Articles of Association. SCEG has been very supportive of the Association and 3 out of the 4 industry board members are SCEG members. SCEG has applied for Associate Membership of the Association and will remain fully engaged with it to encourage others to develop coherent transparent affordable standards and oversight. Duplication must be avoided. You will hear more about the ICOC Association this afternoon.

Evolution of the Industry

The security landscape is changing and those changes are radical and are having a dynamic impact on the private security sector. In 2014 NATO Combat operations will cease in Afghanistan. Additionally and critically Western defence spending is declining without a commensurate decline in political ambition. The UK's National Security Strategy rejected any notion of the shrinkage of the UK's influence despite significant cuts in the Ministry of Defence and Foreign Office budgets. We are creating a strategic deficit which will have to be filled by the private sector. All be it reluctantly governments will

increasingly outsource contracts to the private sector in areas that until recently were considered to be the sole jurisdiction of the military. SCEG companies are already involved in capacity building and wide range of risk consultancy activity. This trend will continue.

That said it continues to be the case that much of the private security sector is viewed with suspicion by many in the Ministry of Defence. It is ironic that many of us in the private security have military or MOD civil service backgrounds and yet it is the government department with which we have less traction than we would like. There are some glimmers of opportunity and I will highlight 2.

Yesterday I attended the launch of the UK National Strategy for Maritime Security and the National Maritime Security Committee have agreed that the Director of SCEG should become an official member of the committee which is a welcome and significant initiative.

Following a SCEG meeting with the Chairman of the Defence Committee the latter undertook to write to the Secretary of State for Defence to discuss ways in which the private security sector might engage with and influence the outcome of the 2015 Strategic Defence and Security Review.

Both these represent small incremental steps but are indicative of a maturing relationship.

Money

Let me talk briefly about money – vulgar as it might seem in these magnificent surroundings – but private security companies are in the business of making a profit. It is vital that the costs of increasing regulation and standards being embraced by many do not make companies uncompetitive. Otherwise we risk penalizing the good guys.

The key to this is the understanding of clients both state and private sector. We collectively and here I refer to everybody in this room have a responsibility 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 are not disadvantaged commercially.

As a community 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.

And finally within industry we recognise that we have still some way to go to build the necessary trust with civil society but we would ask at least for recognition that we are heading firmly in the right direction and that some of the key components underpinning for example the ICOC Association have been achieved in a remarkably short time frame due in no small part to the efforts of SCEG industry members.

Thank you.

It is now my great pleasure to introduce Paul Everitt.