

How the Private Security Sector has developed over the past decade, and what it has to offer the Ministry of Defence .

A SCEG¹ paper

The private security sector has developed significantly over the past decade and now provides a spectrum of security solutions for a broad range of clients operating in complex environments, where the rule of law is weak. Private Security Companies' clients include governments, global blue chip companies and NGOs. For example, the US DoD regards the sector as a force multiplier.

Private Security Companies (PSCs) fully recognise that high levels of compliance and ethics are essential to mitigating the risks inherent in working in complex environments, and believe that only an approach based on ethics and respecting human rights will deliver commercial sustainability. Equally, companies believe that if the security situation requires the provision of armed guards for the protection of life, clients will want – and should expect - considerable reassurance that the supplier of that service is capable, legal and reputable. Highly regulated industries, such as the extractive sector, demand high standards from their security providers and PSCs know what is needed to deliver against the exacting standards required by large multi-national firms eg BP or Shell.

Foreign direct investment in areas emerging from conflict is often key to stabilisation. The US recognised this in both Iraq and Afghanistan with the establishment of the Task Force for Business and Stability Operations (TFBSO). International companies who take the step into these complex environments often rely on a private security solution to mitigate their risk.

British PSCs make a significant contribution to the UK's export market through the provision of services and their professionalism and expertise in supporting relief, recovery, reconstruction efforts and commercial business operations. In addition to providing direct revenue and employment benefits to the UK economy, PSCs enable clients to operate and win contracts in complex environments. UKTI recognises the substantial and growing contribution of this sector to UK exports, and hence the UK economy, and is working closely with SCEG to exploit future export opportunities. British PSCs wish to build on this and to work more closely with the MOD to develop a mutual understanding of the potential opportunities for outsourcing.

Many British security companies - either directly or through SCEG - enjoy excellent relationships with several government departments in the UK. This relationship is mutually beneficial; the industry brings a different perspective to government policy-making and

¹ The Security in Complex Environment Group was formed in January 2011, to define and introduce robust, widely recognised professional standards for the private security sector.

government can influence the development and improvement of the security industry standards. SCEG members would like to extend this quality of working and depth of relationship to the MOD.

Legacy Sensitivities

The industry has no illusions about the reputational and commercial damage that has been caused by a few untoward incidents. The imprisonment in April 2015 of four former security contractors, who worked for the US company Blackwater in Iraq following a shooting incident in Baghdad in which 14 Iraqis were killed, points to the seriousness and sensitivities surrounding these activities. Any human rights related incident damages not just the individual company, but the sector more generally, as well as their clients.

The industry is also aware that in some quarters the sector is seen as providing ‘military’ type activities – this is also damaging reputationally as well as misleading. The UK industry is very clear that it provides security and that it does not provide a military capability, and for this reason eschews the term “Private Military Security Company”.

The industry’s regulation journey

Over recent years the private security industry has worked very hard to develop and implement standards and regulation, and to operate in a transparent and accountable manner with human rights at the heart of their business models. The UK sector has worked effectively with the UK Government and international bodies over the last 10 years to achieve a regulatory framework for private security that meets the requirements of the UK Government’s Action Plan on Business and Human Rights to implement the UN Guiding Principles on Business and Human Rights. More specifically, the regulatory framework for the private security sector includes both third-party audit and certification, and international monitoring of and reporting on the activities of the sector and its constituent companies.

As part of taking forward a regulatory framework based on voluntary regulation (in line with UK Government policy) British PSCs established the Security in Complex Environments Group (SCEG) to develop professional standards and to spread best practice across the UK private security industry.

In 2011, after a competitive tender, the UK Government appointed the SCEG as its partner for the development and adoption of standards for the UK private security industry. This created a unique construct whereby an industry body was trusted by the UK Government to be both a responsible partner in leading the adoption of standards of the sector, and a contributor to the development of policy. Officials from the FCO, Home Office, Department of Transport and BIS routinely attend meetings, including meetings of the Executive Committee of the SCEG. The SCEG would wish to see the MOD being similarly engaged to develop the opportunities for a constructive relationship across the wider security and defence sector.

Standards and Human Rights monitoring

The first step in the road to regulating PSCs was the 2008 Montreux Document² governing the role of states in their relations with private security service providers. The next step was the development of the International Code of Conduct for Private Security Service Providers (the Code) which focused on the industry, setting out commonly agreed principles for companies to endorse, and to commit to by signing the Code. The UK industry was a major contributor to both of these international agreements.

The International Code of Conduct envisaged two further steps: the development of international standards with human rights at their heart, and the establishment of an independent mechanism to externally monitor and oversee compliance with the Code.

A ‘Management System for Quality of Private Security Company Operations - Requirements with Guidance’, also known as PSC.1-2012, was commissioned by the US government and developed as the first standard to translate the detailed and exacting requirements of the Code into specific, auditable measures for land-based PSCs. The standard assesses whether companies’ policies and procedures – and crucially the implementation of these on the ground – reflect key issues around human rights risks, including the impact of operations on stakeholders, rules on the use of force, recruitment/selection and training of personnel, and weapons movement, storage and their use. It was endorsed by the UK Government in 2013 and UK companies have been getting on with being independently audited and certified to PSC.1-2012 by United Kingdom Accreditation Service (UKAS) accredited certification bodies. PSC.1-2012, with few amendments, has now been converted into an international standard, ISO 18,788. Crucially both these standards, unlike other international standards, require independent auditors to inspect how activities are carried out in the field.

The establishment of the ICoC Association (ICoCA) in September 2013 laid the foundations for the second requirement of the Code. The ICoCA is a multi-stakeholder initiative involving civil society as well as governments and the industry itself. Its role is to monitor and report on how the industry generally, and companies individually, are delivering against the human-rights related requirements of the Code.

In addition to these industry-specific standards, UK PSCs are fully compliant with the law and take very seriously legal requirements such as the UK Bribery Act, the UK Counter Terrorism and Security Act and the Modern Slavery Act.

In short UK PSCs operating successfully in the security sector today are well regulated responsible companies with whom the MOD and British Army can with confidence do business.

² “Montreux Document on Pertinent International Legal Obligations and Good Practices for States related to Operations of Private Military and Security Companies during Armed Conflict”.

Global Reach and Capability

The global reach and capabilities of PSCs has also developed over recent years. In the main companies are multi-million pound global businesses, running complex multi-faceted operations in remote and hostile environments. They conduct 24 hour operations, have the ability to deliver timely strategic and tactical reporting for their clients together with “softer” capabilities such as liaison with the local community. The traditional roles of man-guarding of infrastructure and close protection for people will endure for some time yet, but increasingly companies are offering a wider range of services including risk mitigation, risk consultancy, intelligence assessments, EOD clearance, capacity building, training and equipping missions.

Current Arrangements with OGDs

The process whereby PSCs provide protection to deployed government missions abroad in complex environments is well established. The FCO are the lead Department for the provision of this commercial ‘security platform’ and their procurement processes follow Government guidelines. The potential providers are subjected to the usual Pre-Qualification Questionnaire (PQQ) via the FCO’s e-Bravo portal, if successful this is followed by the issue of an Invitation to Tender (ITT). Tenders are assessed in an independent and rigorous manner, using the Most Economically Advantageous Tender (MEAT) guidance. The larger contracts are subjected to further scrutiny via the Office of Government Commerce (OGC) review processes. None of this procurement activity would be a surprise or unknown to the MOD, and its use should reassure both the public servants and the tax payer.

Opportunities for the British Army using private security companies

The potential use of PSCs by the MOD and British Army to support and amplify their desired effect on operations is well demonstrated by our US allies. These functions cannot be offensive, nor can they replace the core military tasks such as assault and capture. But for example: The sharing of information; specific intelligence assessments; the provision of layered static security to protect operating bases; the conduct of de-mining and general EOD tasks; the delivery of capacity building tasks; many train and equip missions – and the list of tasks and the benefits in terms of force replacement could go on.

Engagement with the MOD – A proposal by the UK security sector

The UK private security sector proposes that there are real benefits to be gained from developing a closer working relationship and therefore greater mutual understanding, leading to the potential to better assess the utility of PSCs across the public security and defence sector. This relationship may be developed through the following initiatives:

- An MOD representative to attend the SCEG Executive Committee alongside the FCO.

- SCEG to provide a better insight into the sector through further presentations and lectures to defence and security audiences, such as the staff college, HCSC (as now) and RCDS.
- The MOD and SCEG to work together on a framework for outsourcing opportunities aimed at delivering agile, professional and cost-effective solutions that build on the strengths of the military and of industry.

Private Security Companies are part of the security landscape of the future

The security landscape is changing. Western defence spending is declining without a commensurate decline in political ambition. The UK's National Security Strategy rejected any notion of shrinkage of the UK's influence, despite significant cuts in the MOD and FCO budgets; this risks a strategic deficit. The private sector can help by providing skills and capacity that complements the military capabilities, but that does not replicate nor replace them. Over the years governments have increasingly outsourced to the private sector activities that do not need to be undertaken by the military; there is scope to do more and thereby focus scarce military capability on operational activities that are the prerogative of states, not PSCs. SCEG companies are already involved in some capacity building and a wide range of risk consultancy activity. It is not just man-guarding, but the delivery of a whole range of activities in the area of training, mentoring and support that PSCs can seek to support the MOD and UK Government's efforts abroad. This trend will continue and will be of real and direct benefit to the UK's ability to influence the security and defence environment around the World.

The need for information and trust to enable this partnership

Finally, whichever remote and hostile environment within which the British Army wishes to operate, UK PSCs will have corporate knowledge of the environment and the culture, as well as local contacts and networks. SCEG believes that the MOD could benefit from working more closely with the private sector to exploit this information, learn from the skills and experience gained by some highly capable and agile private security providers in these most challenging of complex environments.