



## **RISC POLICY STATEMENT ON STRATEGIC DEFENCE AND SECURITY REVIEW**

### **INTRODUCTION**

1. The UK Security and Resilience Industry Suppliers' Community (RISC)<sup>1</sup> welcomes the Government's decision to conduct a Strategic Defence and Security Review (SDSR) and looks forward to contributing to those aspects of the review that bear on security issues, drawing on the extensive technical and practical experience of its members in researching, developing and delivering security capability in the UK and around the world.

### **Definition of Security**

2. RISC is concerned with "homeland security" and national resilience which are important elements of the SDSR. The security and resilience industry represented by RISC wants to support the UK Government across the full range of threats identified in the National Risk Register and the areas of activity covered by the forthcoming National Security Strategy. Security in this sense - National Security and Resilience (NS&R) - crosses traditional boundaries and goes wider than "homeland" into other security domains, such as cyber and space, as well as overseas.

### **The Comprehensive Approach**

3. There is a need to focus on domestic and international affairs in parallel. RISC has long argued for a modern and more joined-up strategic approach on matters of national security and it fully supports the Government's wish to treat defence and security issues in an integrated way at Ministerial level. The Government's decisions to establish a National Security Council (NSC) and appoint a very senior and experienced official as national Security Adviser are welcomed by RISC as evidence of the Government's determination to see national security as its primary responsibility<sup>2</sup>.

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<sup>1</sup> RISC is an alliance of companies, trade associations and think tanks with links to academia which acts as the Government's main route to industry on security and counter-terrorism matters. RISC was formed in 2007 with the encouragement of the Home Office to provide a single conduit of information flow between Government and the security supply community on strategic issues of national security and resilience.

<sup>2</sup> As set out in "The Coalition: our programme for Government" London, June 2010

4. RISC believes that a coherent approach must be taken to building up national resilience and reducing national vulnerability to the threats and hazards that will face us over the coming years. Without detracting from key defence priorities, these requirements of domestic security must be given sufficient attention and priority for resources as part of the wider national defence and security effort. RISC welcomes the concept of a “Comprehensive Approach” which joins up the efforts of different departments and agencies and has the involvement and support of industry.

5. In many respects NS&R is the UK “front line” of the Comprehensive Approach - merging defence and all relevant aspects of homeland security policy in a single comprehensive strategy. Industry has contributions to make towards this strategy and RISC believes that it would be helpful to designate a member of the NSC to have lead responsibility for considering how the help of industry can best be harnessed.

### **Industry’s contribution to the SDSR**

6. RISC believes that security is not just for Government to provide, particularly at this time of budgetary and resource constraint. Industry has a major role to play in protective security both as owner-operator of the majority of the Critical National Infrastructure (CNI) in the UK, but also as prospective partner to Government more widely, in helping to identify and deliver key solutions and services that will enhance the country’s overall security and resilience.

7. RISC welcomes the opportunity to contribute to the SDSR process. There will be significant advantage in holding early discussions between the SDSR team and RISC to provide clarity on the security elements that are being covered in the SDSR, and to allow RISC to provide technical input to those seeking to define future needs. RISC believes that it can contribute to the SDSR process in several ways.

### **Working in partnership**

8. This is a key theme. In the first place, by working actively in partnership, Government and industry will be better placed to identify future security capabilities to cope with emerging threats and hazards taking account of the opportunities that progress in science and technology will offer. Currently, there are many industrial capabilities that are not being utilised in the domestic security context and RISC believes that closer partnership working would allow them to be exploited and provide for greater national security.

9. The Shared Security & Resilience Project at St Pancras (S~~E~~ECURE: ST Pancras) is a good example of how security solutions can be delivered more effectively when the Government takes industry into its confidence. The aims of the project are for greater security & resilience effect to be delivered into the Critical National Infrastructure (CNI) “System of Systems”; enhanced and more effective private sector contribution into supporting the Government’s counter-terrorism and resilience agenda; and increased value for money for HMG’s existing security & resilience budgets. The project is a practical example of how the UK Government is working with industry and across several Government departments (for example, the Centre for the Protection of National Infrastructure (CPNI), the Ministry of Defence (MoD), the Department of Transport (DfT), the Home Office and the Civil Contingencies

Secretariat (CCS) in the Cabinet Office) to ensure a joined up approach to security and resilience. Furthermore, the project shows what benefits can be achieved when innovation by the security sector is stimulated to flourish. This new way of working together is supporting the development of new economic and business models linking Government and the private sector.

10. As the Government has to downsize in organisation in line with its priority of reducing an unprecedented national deficit, the time is right to develop new and radical mechanisms to strengthen the strategic partnership between Government and industry on security issues. Why is this important? In the context of the recession, there is an urgent need for the SDSR to consider how to engage the diverse interests of the private sector effectively to ensure that radical solutions can be found at the formative stage of policy while industry continues to invest adequately in its own security and resilience initiatives.

11. By working more closely together and at the earliest stages of formulating future needs industry can better target its own research and development into areas that will provide the greatest benefit in meeting the national priorities that emerge from the security components of the SDSR. There are also opportunities for private finance to help to deliver Government outcomes more efficiently and cost-effectively. RISC believes that industry needs to be viewed not simply as a manufacturer of equipment, but as a full partner in identifying capabilities and delivering solutions (services and products) to the Government and its agencies.

#### **Access to ideas, innovation and experience**

12. RISC can help Government generate greater security benefit from the inevitably constrained funds available by providing convenient access to new ideas and thinking in the private sector and academia. Government can also benefit from RISC members' global experience of delivering affordable security solutions at home and overseas, as inputs to Government work to develop its security and counter-terrorism strategies. The SECURE: ST Pancras project shows what can be achieved once the political will is in place to harness the innovation of industry.

#### **Realising economic potential**

13. Partnership on the SDSR agenda can help jointly to create the conditions in which the British defence and security industries can realise their full potential to create economic benefit for the UK, while at the same time as lowering the costs to the UK customer. The SDSR provides an opportunity to review the effectiveness of existing arrangements for maximising the significant export potential of this sector. By giving business clarity and confidence about future security requirements, the Government can also stimulate inward investment.

#### **THE BENEFITS OF ENGAGEMENT**

14. To enable this partnership to develop RISC believes that there should be appointed within Government an authority with the task of driving forward the measures that are necessary to realise the benefits that industry can bring through greater engagement. The SDSR would be an appropriate platform on which the

Government could launch such an initiative. RISC suggests that the new authority should undertake a number of actions:

## **I. Market development and regulation**

15. There is an urgent need to look again at the way in which the national security and resilience market operates. A forward looking and more visionary approach is needed. In the view of RISC, the SDSR is an opportunity to make the market work more efficiently.

### **Making the security market work more efficiently**

16. To achieve this, RISC has formulated a series of recommendations in a paper titled *Making the national security and resilience market work more efficiently*. This paper includes, as its main proposal, as suggested in paragraph 14, the appointment of an authority to make the security market work in a less fragmented way. RISC has proposed that the authority should be supported by an inter-departmental team that also includes industry representatives, with suitable security clearance. A mechanism of this kind would be useful not only in addressing industrial policy issues relating to security (for example, the concern around the existing potential for unmanageable third party liability exposure following acts of terrorism) but also in enabling immediate consultation and rapid mobilisation of a solution when there is an emergency that reveals a gap in national security capability (for example, the attempted attack on a flight over Detroit in December 2009).

### **Developing effective standards**

17. Given the diverse nature of the NS&R market, which incorporates requirements arising from within public and private sectors, Government and industry must also work together to look to develop radically stronger international policy and recognized standards in the NS&R market. RISC sees the assertion of new common “open” standards as a priority because they can help to create the conditions in which small, medium and large sized companies can focus their investment towards science and technology.

### **CNI Protection**

18. The SDSR should also, we believe, take account of the need for adequate protection of the CNI, and the steps that Government must take to incentivize those responsible for its management to ensure that national security concerns are fully taken account of. Specifying the roles and responsibilities of CNI owner-operators could reduce security vulnerabilities and enhance the operation of the market.

### **Concept Viability**

19. Government and its associated departments and agencies should also make full use of Intellect’s Concept Viability service which enables customers to use the ICT industry as a “sounding board” on future procurements. It provides suppliers with an opportunity to provide feedback on a potential procurement before a tender is written, and within the confines of a technology-neutral environment. This helps the customer

to assess the potential risks associated with specific public sector projects, before committing themselves to a particular approach. This would be consistent with the emphasis outlined in paragraph 10 above on bringing industry in to identify solutions at a formative stage of policy.

20. The benefit to Government of engagement with industry on market development and regulation is in enabling significant enhancements to national security at the same time as reducing costs in the public purse while creating the right conditions for the security sector to generate more economic growth.

## **II. Improve efficiency/outsourcing**

21. Against the new priority to deliver radical spending cuts, the Government and the UK Police Service have an unprecedented opportunity to work with industry in completely new ways to control costs and deliver capabilities more efficiently.

### **Driving out cost in UK policing**

22. RISC members have worked closely with police services in the UK over the past few years to enhance their security capabilities and have built up considerable experience of this sector. Whilst consideration of UK policing capabilities as a whole may be outside the scope of the SDSR, RISC would wish to highlight the significant opportunities that industry can contribute to the national priority of deficit reduction by delivering “Value for Money” around the UK’s estimated £13.5bn annual policing budget.

23. RISC has already engaged with the UK Police Service in the form of Her Majesty’s Chief Inspector of Constabulary (HMIC), having set up a “Police Capability Working Group” (PCWG). The HMIC has outlined areas that it wishes to concentrate on, such as value for money, benchmarking with industry and collaboration between forces. Industry feels that the issue of how the private sector could support the UK Police Service could be investigated quickly. In particular, industry could demonstrate the costs savings, increased capability, scalability and repeatability in outsourcing some of the current police responsibilities. Areas that could be considered include custody suite management, IT support, air support, forensic and medical services, HR as well as many other non warrant requiring roles.

24. A further example is rostering across the UK Police Service. RISC believes that the Government should invite industry to demonstrate how it can improve the police’s manpower rostering to ensure that peak times are appropriately covered. This could result in large savings that can be achieved through the effective deployment of staff, full visibility of all payroll related costs, and prevent unauthorised (budgetary) deployment of staff. An invitation has been sent to the Deputy Commercial Director at the Home Office with an offer for industry to provide a workshop on police outsourcing, with industry providing financial and capability solutions to the problem set.

25. Whilst respecting the autonomy of the local Chief Constable, the security industry can offer solutions to the UK Police Service to ensure that in both the short and long term the best value in service delivery is provided to the UK taxpayer.

## **Outsourcing security for radical savings**

26. There are many opportunities to outsource parts of the management and delivery of security and there is significant scope for efficiency and innovative service-based solutions. Improving efficiency is not confined to the UK Police Service but would include other first responders, the intelligence services and Government departments involved in NS&R.

27. Industry can potentially deliver operational services which will not only be more cost effective for reasons of economies of scale, but would deliver a level of integration across departments at the delivered service level. Examples of capability sets around which new outsourcing solutions could be considered include, but are not limited to: secure communications networks and databases, horizon scanning, crypto management, call centres, the provision of shared situational awareness and interoperability of systems across the emergency services and with the military.

28. Clearly there would have to be agreed standards but in principle many back office and some front office systems can be delivered more effectively and efficiently by industry. If these were provided across several organisations, economies of scale would offer real financial benefit, as well as reducing capital budgets, per se, within the public sector.

29. Such an attitude is necessary, RISC believes, if reductions of up to 25% to the Home Office budget and the UK's overall UK policing expenditure are to be achieved.

## **Reforming inefficient procurement**

30. RISC also believes that aligning and, where necessary, reforming procurement arrangements across the national security and policing markets will be needed to achieve spending cuts of this size. Industry believes that Government needs a more coherent, less bureaucratic and faster approach to delivering procurement in many areas of policing and national security. The SDSR is an opportunity to increase procurement capacity in the field of national security and resilience.

31. Currently, the cost to Government and industry of an inefficient procurement process is too great. RISC recommends the development of a more coordinated approach to supply chain procurement in many areas. Formal engagement with senior commercial officers within the Home Office and its associated agencies is urgently required to deliver effective reform to the UK security procurement system. Reforms might include, but would not be limited to, the introduction of new acquisition models and the creation of a framework agreement, with a common commercial model and pre-agreed set of conditions, to pull through technologies, people and programmes much faster.

32. The benefit of engaging industry on efficiency and outsourcing issues is that the Government would be able to realise the necessary cuts that are expected across the Home Office, its associated agencies and the UK Police Service. This can be achieved in the most timely and cost-effective manner but without compromise to national security.

### **III. Science and Technology**

33. The UK will be able to exert more international leadership in security matters if the Government focuses on science and technology priorities and provides a framework in which long term investment can be protected. This is particularly important in view of the Government's stated desire to revive the economy through high technology exports. To achieve this, benefits would be gained from developing an integrated S&T programme across defence and security policy and by increasing transparency around the resource choices that different departments and agencies may be considering over sponsoring research and development (R&D) for NS&R purposes. Greater transparency and continued investment in science and technology will ensure that new security capabilities can be "pulled through" for use on the front line.

#### **Spend once, benefit twice**

34. The delivery of greater integration and transparency is important because industry must in turn direct and focus the investment of its own resources. In specific terms, RISC believes that there could be opportunities for R&D allocated by the Ministry of Defence (MOD) to be coordinated more effectively with the R&D programmes that are undertaken by civil departments and agencies. The SDSR should consider whether there exists an opportunity to develop "Dual Use" R&D for defence and security purposes in key areas of capability that RISC has identified as "world class" capabilities. This would allow the SDSR to be a vehicle for the policy of "spend once and benefit twice". With identification of cross sectoral technologies the UK will be able to reduce the curse of the silo mentality, improve cost effectiveness across Government and the industrial supply chain, and provide integrated technology solutions that can be provided but that are rarely deployed.

#### **Delivering innovation and supporting SMEs**

35. Furthermore, a greater focus on the clarification of S&T priorities is essential to the well being of SMEs operating in the security supply chain. With greater clarity small companies can, in turn, focus their limited resources effectively. One way of achieving this would be to establish an innovation incubator for security that would be part funded by industry and Government agencies, so that different Agencies can easily pose in a secure forum difficult challenges and questions which require technical solutions to industry as a whole.

36. The benefit of Government engaging industry on Science and Technology issues is to be able to protect national security and achieve economies of scale. It is also necessary to stimulate long term economic growth and generate world leading positions in security and counter-terrorism solutions.

### **IV. Exports**

37. The UK should increase its focus on the export of security capabilities overseas. Like the SDSR process itself, the UKTI Defence & Security Organisation (DSO)

brings defence and security together and could support a “comprehensive approach” to delivering security export considerations.

### **Realising economic growth potential**

38. The country has the opportunity to generate significant levels of new economic growth in the security sector because small, medium and large sized companies operating in the UK economy are recognised as world leaders in the manufacture or supply of security systems, technologies, services and equipment. The estimated \$140bn annual global security market is growing and the UKTI DSO is leading the way in the promotion of UK security capabilities overseas.

### **Marketing UK security capability more actively**

39. The DSO’s allocation of a significant portion of its “Strategic Investment Fund” towards the annual HOSDB Exhibition in March 2010 was welcomed by the security industry. RISC believes that resources should be made available to support this event and other security shows that support the UK security industry, such as IFSEC. The industry needs the Home Office to support the development of a joint Government and industry approach to the promotion of UK security exports.

40. In order to realize its full export potential the industry needs the Government’s help in demonstrating that the security capabilities deployed by the sector in the domestic context have the UK users’ badge of approval. This is in line with the UKTI DSO’s new marketing strategy for the security sector.

### **Reforming outdated export controls**

41. The security industry also needs the Government to look again at the process of export licensing; these procedures need to be accelerated in the security sector. One way of driving through improvements could be to address exportability, and the associated license requirement, from the inception of capability development. Small, medium and large sized companies would benefit from reform in this area.

42. The benefit of Government engaging industry on security exports is to ensure that the country will be able to generate a world leading position in the development of security solutions overseas. Greater engagement would allow the UK to increase the UK’s market share (currently less than 5%) of an estimated \$140bn global market, thus providing for significant levels of new economic growth.

## **V. International cooperation and influence**

43. It is essential to recognise that security risks no longer respect international boundaries. The aviation industry shows that security now normally requires solutions to be provided across national boundaries as a matter of course. Therefore, in addition to revenues created by the simple export of goods and services, greater attention should be given to the phenomenon of increasing interconnectedness of globalised commercial systems, principally in the air transportation, maritime and cyber domains.

## **Exploiting global reach**

44. The UK security industry represented by RISC is well respected and has global reach, with influence across many states, where its knowledge of requirements and drivers can materially enhance the increasingly necessary “system of systems approach”. The UK security industry has views on international threats based on its own experiences of providing capabilities overseas.

45. The UK has a very privileged security position in its relationship with the US that is founded on sharing intelligence and that is based to a degree on the vital contribution of UK industry to our intelligence agencies. UK industry helps UK agencies punch above their weight and hold their own within the world security community, especially with the US.

46. The industry is ready to supply solutions across boundaries because it understands that the ill-disposed will seek the weakest point to gain entry into the country. In this regard, UK expertise can be used to influence the design and implementation of overseas security architectures to ensure that they coordinate better with our own, providing more coherence in a global setting, and materially benefiting the UK’s national security efforts. Government and industry should work together to produce such outcomes.

47. The UK must be bold and think more creatively about how to deliver security. RISC believes that there would be value in setting up a joint project between Government and industry to seek bold solutions and engage other countries in an integrated way.

48. The benefit of Government engaging industry on international cooperation and influence is for the country to be able to generate a world leading position in the enhancement of security standards overseas. It would increase the UK’s share of the global security market and improve national security significantly by exploiting to the fullest extent possible the global reach of many UK-based companies.

## **VI. Other issues**

49. There are three further issues relating to the NS&R agenda that RISC believes will be important outputs from the SDSR.

### **Operational sovereignty for security**

50. Firstly, there must be the clarification of the industrial capabilities associated with national security that the UK would wish to maintain onshore. The definition of what constitutes “operational sovereignty” in NS&R is at an early stage of development.

51. Examples of such capability sets might include Chemical, Biological, Radiological and Nuclear (CBRN) defence capability and information assurance assets but there would be benefit in considering this important question in considerable detail alongside the defence components of the SDSR. The intention and levels of funding associated with these capabilities, including with respect to the protection of the CNI, need to be made clear to those who provide these capabilities.

52. The benefit of Government engaging industry on operational sovereignty for security purposes is to provide the Home Office and its associated agencies with assurance that the UK has the capability to deliver sensitive capabilities onshore. For industry, it ensures that limited resources can be targeted towards the development of essential capabilities that can also help to stimulate economic growth.

### **Greater transparency in funding for security**

53. Secondly, RISC believes that the SDSR should aim to provide greater transparency once decisions have been taken on the resources that are being allocated to the full spectrum of capabilities associated with different strands of the Government's National Security Strategy. Notwithstanding the reality of constrained resources, industry would welcome continued investment in, and greater transparency around, the total levels of expenditure associated with the UK's NS&R objectives.

54. RISC supports the notion that security expenditure should be integrated more effectively across the different departmental responsibilities. There is a particular need to ensure adequate levels of funding in R&D for security purposes.

55. The benefit of delivering greater transparency around the resources that are allocated towards the full spectrum of security issues is that the Government can be satisfied that it is investing in the new capabilities that will be required for the future. Industry will also be able to target its own limited resources more effectively.

### **Balancing "Homeland Security" and Defence**

56. Third, RISC believes that the SDSR should consider the balance between "homeland security" and defence both in terms of how the two complement each other and also in terms of the balance of investment. UK security companies can support the Government on the question of balance because many have a clear view of procurements in both the military and civil security arena and so are in a position to help identify dual use technologies and requirements to Government.

57. In the view of RISC, the defence and security industrial components of the SDSR must be based on the full range of security risks that the country would expect the Government to identify in the forthcoming National Security Strategy. Investment in new areas of national security capability, such as cyber security and space, would promote economic growth in the world leading security industry.

58. The benefits of Government engaging on the balance between "homeland security" and defence would be to drive through greater coordination in the delivery of a comprehensive National Security Strategy and to achieve significant fiscal efficiencies where they are appropriate. Furthermore, greater engagement would persuade the public and industry that the SDSR will not be used to justify deeper cuts than are necessary across the spectrum of security threats and the range of budgets associated with national security.

## **CONCLUSION**

59. In conclusion, RISC encourages the Government in its intention to conduct a wide-ranging defence and security review that properly considers the security and counter-terrorism capabilities that the nation will need. The SDSR offers the Government the opportunity to define the industrial aspects of NS&R that demand strategic consideration. Partnership with industry is key to delivering national security and resilience. Industry stands ready to engage with Government on the SDSR on this agenda in the common interests of promoting national security.

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